Austria ... Sch 20	Indonesia .. Rp 2500	Philippines . Pes. 20
Bahrain .. Din 0.650	Israel .... IS 3.50	Portugal .. Esc 80
Belgium ... BFr 45	Italy ...... L 1500	S. Arabia . Rls 6.00
Canada ... C$1.00	Japan Y550	Singapore S$ 4.10
Cyprus .. C£0.70	Jordan ... Fils 500	Spain .... Pta 125
Denmark .. Dkr 8.00	Kuwait ... Fils 500	Sri Lanka .. Rup 30
Egypt .. E£1.00	Lebanon . £L 25.00	Sweden . Skr 7.00
Finland .. Fmk 6.50	Luxembourg . LFr 45	Switzerland SFr 2.20
France .. FFr 6.00	Malaysia .. Rin 4.25	Taiwan ... NT $85
Germany . DM 2.20	Mexico .. Pes. 300	Tunisia .. Din 1.375
Greece .... Dr 80	Morocco . Dh 8.00	Turkey . L 350
Hong Kong . HK$12	Netherlands Fl 2.75	U.A.E. Dh 6.50
India .... Rup. 15	Norway .. Nkr 7.00	U.S.A. ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,970 Thursday July 3 1986 D 8523 B

Chernobyl fails to deter E. Europe, Page 2

World news Business summary

European plea by German President

In the first address to the British Houses of Parliament by any German head of state, the West German President, Richard von Weizsäcker, warned Europeans not to become inward looking and satisfied only with their material comfort.

"The people of Central and Eastern Europe place their hopes in us. The Third World depends on us Europeans meeting our share of responsibility for their well-being," he said.

He emphasised the need for Europe to act together, but stressed the importance of national identity. It was not necessary to be a "poor patriot" in order ti be a "good European," he said. Page 2

Manila peace talks

Rebel envoys made contact with the Philippine Government to prepare talks on a truce in the 17-year-old communist revolt. President Corazon Aquino declared July 4, the anniversary of independence from the US in 1946, a national holiday.

Pressure on Israel

Pressure mounted on the Israeli cabinet to allow an inquiry into the Shin Bet security scandal after the Supreme Court gave the Government two weeks to explain why there should not be an investigation.

Iran takes town

Iran recaptured its border town of Mehran from Iraqi troops who occupied it six weeks ago.

Hostage released

An American hostage released in Beirut has been identified as Steven James Donahue, kidnapped and detained by unknown people since last September.

Egypt arrests 37

Egypt appears to have launched a fresh crackdown against religious extremists with the arrest of 37 people on sabotage charges.

Prototype crashes

British Aerospace's prototype Hawk 200 aircraft, a light tactical fighter, crashed. The pilot was killed. Page 7

China opens door

China's Prime Minister Zhao Ziyang arrived for bilateral talks in Romania, a country it already has close ties with, as the foreign ministry *in Peking held out the prospect* of closer ties with the rest of Eastern Europe.

Soccer rioters sought

Belgium began proceedings to extradite 26 British soccer supporters alleged to have taken part in the Heysel Stadium soccer tragedy in 1985.

World Cup fallout

Eight of Portugal's World Cup soccer squad, including team captain Manuel Gento, were banned for life from the national team following a dispute over pay during the Cup.

Lendl survives

Top seed Ivan Lendl (Czechoslovakia) survived a hard, 3½-hour match to beat Tim Mayotte (US) 6-4, 4-6, 6-4, 3-6, 9-7 at Wimbledon. He joins in the semi-finals holder Boris Becker (W. Germany), Frenchman Henri Laconte and Yugoslav Slobodan Zivojinovic.

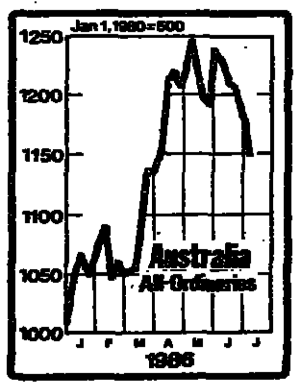
Dhaka needs water

Bangladesh must find new sources of fresh water because most of its surface water is polluted, a Dhaka minister said. Three days of talks opened with India to try to settle a long dispute over sharing Ganges water.

ITT and CGE in telecom merger

ITT of the US and CGE of France are to combine their telecommunications activities in a European joint venture which they said would be the world's second biggest telecommunications group with activities in 75 countries and annual *sales of about $9.6bn.*

SYDNEY shares suffered their largest one day fall this year amid concern over changes to Australia's withholding tax laws and threats of widespread industrial disputes. The All Ordinaries index fell 25.8 to 1,149.7. **Page 34**



WALL STREET: at 3pm, the Dow *Jones industrial average was 3.24* higher at 1,906.78. **Page 34**

TOKYO: Shares moved higher as the record run continued. The Nikkei average added 47.18 to 17,689.92. **Page 34**

LONDON: Equities drifted back while demand for gilts built up. The FT Ordinary share index gave up 7.1 to 1,366.6 and the FT-SE 100 ended 4.1 off at 1,656.7. **Page 34**

DOLLAR *rose in London to DM* 2.1885 (DM 2.1760); FFr 6.9825 (FFr 6.9450); SFr 1.7835 (SFr 1.7725), and Y163.35 (Y162.55). On Bank of England *figures the dollar's index rose* to 114.1 from 113.9. **Page 27**

STERLING lost 1.3 cents in London to close at $1.5370. It also fell to DM *3.3850 (DM 3.3725); FFr 10.7325 (FFr* 10.7650); SFr 2.7425 (SFr 2,7475); and Y251 (Y252). The pound's exchange rate index fell 0.2 to 76.2. ***Page 27***

GOLD fell $1.75 to $343.25 on the London bullion market. It also fell in Zurich to $343.30 from $345.25.

In *New York*, the Comex August settlement was $344.90.

Page 26

US and Japanese trade officials continued their talks in Washington as the deadline approached for a pact on semi-conductor trade between the two largest chip-producing nations.

STANDARD OIL, BP's majority-owned US subsidiary, put a third of its industrial operations on sale, to boost profitability. **Page 12**

CITIBANK of the US is to close branches in four of nine West German cities, an abrupt about-turn in strategy. **Page 13**

JAPAN's Shihara Sangyo Kaisha, one of the world's biggest titanium dioxide pigment producers, is to invest Y30bn ($180m) in a new Singapore plant. **Page 6**

SHARES in Thames Television, the UK independent television company which came to the London stock market last week rose to an immediate premium when dealing began yesterday. **Page 13**

CANADIAN Government has delayed for 10 days a decision on whether *to allow* the British food and beverage group Allied-Lyons to proceed with its disputed purchase of the drinks business of Hiram *Walker resources.* ***Page 13***

BEATRICE, diversified US food and consumer products company which was taken private in a $6.2bn leveraged buy-out by Kohlberg, Kravis Roberts earlier this year, has put its Playtex and Max Factor personal products line and several other businesses up for sale. **Page 13**

Washington, EEC agree six-month farm trade truce

BY PAUL CHEESERIGHT IN BRUSSELS AND CHRISTIAN TYLER IN ANNAPOLIS

WASHINGTON and the EEC have negotiated a six-month truce in the long-running farm trade dispute caused by the enlargement of the Community.

They have undertaken not to impose import curbs on key items of each other's farm products while they attempt during the rest of this year to agree trade compensation terms for the effect of EEC enlargement within the General Agreement on Tariffs and Trade (Gatt).

Mr Richard Lyng, US Agriculture Secretary, said in Annapolis, Maryland: "We are pleased because the actions we were threatening to take could have made things very difficult for us."

US farmers would suffer no harm immediately because any fall in US exports to Spain would be offset by increased access to the rest of the EEC, he said.

Mr Frans Andriessen, EEC Commissioner for Agriculture, also in Annapolis, said: "I think it's of great importance that we have succeeded in preventing the outbreak of a major conflict." He added that this was a very good omen for the other *trade disputes between the US and* the EEC.

US and EEC officials also see the truce as removing a serious threat to the launch later this year of global trade negotiations, as well as averting a transatlantic tariff war.

Under the agreement the Community has agreed to maintain imports of US sorghum, maize and substitute products at the 1985 level.

US complaints that a change in the import *levies* on its sorghum and maize sales to Spain were pricing its products out of the market triggered the dispute.

The truce provides that the Community will monitor US sales in Spain of sorghum and maize and also of three other products prohibited from the Spanish market until March 1 – corn gluten feed, distillers' draff and citrus pellets.

If average monthly sales drop below 234,000 tonnes, then after October the Community will import into other member-markets an amount equivalent to the shortfall. This would be subject to a reduced levy.

The arrangement is subject to approval in Washington.

Mr Willy de Clercq, the Community's External Relations Commissioner, yesterday *presented it to officials* of the Twelve who meet again today to discuss it. He said their first reaction was "extremely positive."

This is a political agreement, an autonomous agreement," he added after the completion yesterday of talks with Mr Clayton Yeutter, the US Trade Representative.

"If we wanted to avoid a trade war, we had to build a bridge – find a way of avoiding the trade war – *without prejudging the (Gatt)* negotiations," Mr de Clercq said.

France is known to prefer the Community to stiffen its position in the face of American *ultimatums.*

The Reagan Administration had wanted an agreement by July 1 for compensation of what it saw as the loss of the $600m-a-year sorghum and maize market.

UN world economic survey, Page 4

Dixons fails in bid to take over Woolworth

BY CHARLES BATCHELOR IN LONDON

DIXONS, the acquisition-hungry UK electrical retailing group headed by Mr Stanley Kalms, failed yesterday to win its £1.8bn ($2.7bn) takeover bid for Woolworth Holdings in the most *dramatic* setback to occur in Britain's current takeover wave.

Dixons won the backing of only 35.6 per cent *of Woolworth's shareholders* after a gruelling 12-week takeover campaign. Mr Kalms started out with strong backing for his bid but *as the weeks went by* sentiment swung in favour of Woolworth.

Woolworth's escape came less than a week after APV Holdings, a process engineering company, fought off a £220m takeover bid from Siebe, another engineer, amid signs that London's enthusiasm for takeovers is on the wane.

If the Dixons bid had succeeded, it would have created the sixth largest UK retailer with turnover of £1.42bn and a total of 1,725 stores.

Despite Dixons' own estimate that the bid will have cost it £12m in fees and other expenses, Mr Kalms congratulated Woolworth on "a first class defence." Woolworth's costs, including an advertising campaign *to boost its corporate image,* may have been as high as £20m.

Mr Kalms said the bid had failed because he had been unable to persuade the *institutions in the Paternoster* Group, which installed the present Woolworth management 3½ years ago, to sell their shares. Many other institutions who did not feel a commitment to the management did back the bid, however.

He denied that the bid had been misconceived despite the presence of the loyal Paternoster shareholders with about 40 per cent of Woolworth's shares.

"If I had not speculated I would not have got Currys (acquired in early 1985 after a hard fought takeover battle). Woolworth's was a good opportunity."

Mr Kalms is now expected to make a series of smaller acquisitions to obtain the 2m square feet of retailing space needed by his Dixons and Currys chains.

Sir Kenneth Durham, Woolworth chairman, said "We are naturally *delighted that our investors have* backed the existing management. Our retail strategies have been put under the microscope and not found *wanting. We will now go to deliver* the goods."

A crucial role in the bid battle was played by Robert Fleming Investment Management, a member of the original Paternoster group. Fleming took the unusual stop of informing Woolworth that it was backing the company at a relatively early stage of the bid. This helped sway some of the smaller shareholders in Woolworth's favour.

Woolworth Holdings has no connection with F. W. Woolworth of the US which sold its majority stake in the British retailer in 1982.

Editorial comment, Page 10; Lex, Page 11; Analysis, Page 21

Ozal rallies Turkish Cypriots

BY OUR FOREIGN STAFF

THE TURKISH Prime Minister, Mr Turgut Ozal, began a three-day visit to the self-proclaimed Turkish republic of Northern Cyprus yesterday by declaring that he wanted the breakaway state to "live forever."

In the teeth of protests from the Greek Cypriots in the south of the island, he told cheering crowds in the Turkish-held part of Nicosia: "You have established your state, you have drawn up your constitution. *Now there is* one more thing to do, to make North Cyprus one of the respected countries of the world."

Mr Ozal's decision to visit the island may in part be a gesture to his opponents in Ankara who have often accused him of being indifferent towards the Turkish Cypriots.

Turkey regards the north of the island as a fully independent state as, indeed, it has been de facto for most of the past 12 years. It claims that Mr Ozal's visit is no different from those made by mainland Greek ministers to the south of the island.

The visit comes only a few weeks after the Greek Cypriots rejected the latest United Nations proposals for fresh talks on the future of the island, *claiming they were biased* in favour of the Turkish Cypriots.

The immediat motivation for the trip is to find ways to revitalise the economy in the north of the island, which has been inefficiently managed for most of the past decade.

Earlier this year Mr Ozal warned the Turkish-Cypriots that he was planning to phase out the annual subsidy from the mainland on which they have largely relied until now. He believes there are sufficient business opportunites in the north tomake its finances self-sustaining under good management.

The Premier is being accompan*ied by a team of 25 leading* businessmen who will eplore possible investment opportunities in the Turkish sector.

However, his visit is likely to be seen internationally as an indication that Mr Ozal is losing patience in his quest for a dialogue with the Athens Government of Mr Andreas Papandreou. Mr Ozal recently accused Mr Papandreou, the Greek Prime Minister, of trying to damage Turkey's relations with the EEC and with the West in general.

Greece has consistently refused Turkey's suggestions that the two countries co-operate on non-controversial issues as a first step to finding a common solution to the problems – in the Aegean Sea as well as Cyprus – which divides them.

While Turkish-Cypriots were wellcoming Mr Ozal to the island, Greek-Cypriots stepped up their protests at his visit.

Hundreds of demonstrators blocked the main crossing-point in Nicosia, preventing foreign journalists and diplomats from visiting the north. *Thousands stopped work in a* 10-minute protest, and lawyers are planning a demonstration for today.

As President Spyros Kyprianou of Cyprus flew to Paris for talks with President François Mitterrand, his Government – recognised internationally as the lawful government of the island – issued a strongly worded statement describing Mr Ozal's visit as "an audacious provocation and insult not only for Cyprus but for all member-countries of the United Nations."

● Greece yesterday lodged a protest with Turkey, the United Nations, Nato and the EEC member – *governments over the shelling last* Monday of positions close to a Cypriot cruise ship in international waters in the Aegean, by a Turkish destroyer *on military manoeuvres.*

Conable rejects write-down of Third World debt

By Stewart Fleming in Washington

MR Barber Conable, the newly appointed president of the World Bank, yesterday rejected the idea of writing down developing countries' debts in order to ease their financing problems.

"I am very sceptical we can do a selective writedown of debts, "Mr Conable told a press conference in Washington.

He expressed confidence that that commercial banks would begin to lend hard-pressed borrowers new money once they felt sure that economic growth would result.

Mr Conable, a 63 year-old former Republican Congressman who took over from Mr A. W. "Tom" Clausen on Tuesday emphasised that he expected the World Bank to play a bigger role in co-ordinating international efforts to help developing countries.

He also ducked questions on the size and timing of any World Bank capital increase and refused to speculate about prospective growth trends in the Bank's lending.

Mr Conable left the impression that he believed the bank had entered an era in which its rate of expansion would depend on the willingness of borrowers to accept the conditions tied to its loans. This being the case it might be that the Bank would expand relatively slowly.

Conceding that the timing of any approach to the US Congress for new capital was a delicate issue in the current fiscal climate, Mr Conable said if the bank made "reasonable loans designed to achieve reasonable ends ... the capital squeze will solve itself," adding "my impression is that the Treasury Department and the Adminstration *are quite firmly committed to multi*lateral lending insitutions like the World bank."

While admitting that he has *much to learn about* the World Bank, Mr Conable said the bigger co-ordinating role of the bank he envisaged "does not rule out the possibility of increased multilateral lending."

But he stressed that if the debt crisis was to be resolved through *economic growth, as he believed it* could be, "everybody must be on board" including the borrowing countries, the commercial banks and the bilateral aid agencies.

Mr Conable stressed that conditions must be attached to World

Continued on Page 12

Background, Page 12

Pretoria plans to charge 780 detainees

BY ANTHONY ROBINSON IN JOHANNESBURG

THE South African Government said yesterday that it was preparing to file criminal charges, including murder, arson and assault, against 780 people detained over the last three weeks under the state of emergency.

A spokesman for the Bureau of *Information said additional* dossiers were being prepared on other detainees but declined to say how many or to reveal the total number of people detained since the emergency was reintroduced on June 12.

The news came as the National Union of Mineworkers formally rejected the final offer made by the Chamber of Mines, representing the six leading mining houses. The employers offered a pay increase of 15 to 20 per cent plus improved holidays and fringe benefits. The NUM, which was looking for an increase of 30 per cent against an original demand of 45 per cent, declared it*self in dispute with the chamber.*

The NUM now intends to follow the disputes procedure, which means applying to the Minister of Manpower to set up a conciliation board. The minister has 30 days in which to set up such a board which will seek to work out a compromise, failing which the union could declare a legal strike.

In a statement issued after yesterday's meeting, the chamber said the NUM had also raised questions posed by the state of emergency and the detention of NUM members and the chamber undertook to convey the union's views to the six mining houses.

Domestic and foreign monitoring groups estimate that 3,000 people or more have been detained so far un*der the emergency.* They include community leaders, churchmen, students, trade unionists and leaders of various anti-apartheid organisations.

The Bureau of Information said that detainees who are barred from access to either family or lawyrs under the emergency regulations will have "normal access" to their lawyers once they have been formally charged.

Most of the nearly 8,000 people *detained under the earlier state of* emergency, which was declared on July 21 last year and removed seven months later, were released *without criminal charges being* laid against them.

This time the Government appears to be preparing the ground for possible lengthy prison terms or even the death sentence for many of those detained under the emergency regulations, if convicted by the courts.

As far as the mineworkers' leaders detained are concerned, a meeting of more than 90 NUM shaft stewards met earlier this week

They decided to take industrial action, the details of which cannot be revealed under press restrictions imposed by the state of emergency.

Meanwhile, South Africa's largest union federation, the Congress of South African Trade Unions (Cosatu) to which the NUM is affiliated, yesterday issued a list of "minimum demands" to ensure the continuation of its legitimate activities. This followed a clandestine meeting of its central executive *committee on Tuesday. It* set a July 10 deadline for government and employers to meet its demands.

Cosatu said it believed "employers bear joint responsibility for the attacks that have been made on the labour movement and sees little evidence of them pressing the Government for an end to the state of emergency."

Its list of demands include an end to all harassment, victimisation and intimidation of shop stewards, officials and workers; the release of all leaders; no dismissal of detained Cosatu members; no nightshift worker living in townships and en*dangered by the state of emergency* should lose pay for refusing to work night shifts; wage increases delayed because of the state of emergency should be backdated.

The statement also called on employers to allow Cosatu members two hours per week for union activities without loss of pay; permission for shop stewards to attend to union business outside the factory premises, also without loss of pay; and permission for officers and shop stewards of Cosatu and its 34 affiliates to enter factories

Anglican Archbishop-elect Desmond Tutu yesterday condemned the spate of bomb attacks in South African cities over the past three weeks, Reuter reports from Johannesburg. He said the country's problems *could not be solved by the* "violence of injustice, oppression and exploitation, nor by that of those who seek to overthrow such a ... *system.*" His *statement* could not be fully reported under the sweeping media censorship currently in effect in south Africa. The Government said that the latest attack, in which eight people were injured in Johannesburg on Tuesday, was "in line with" the outlawed African National Congress's "policy of hitting soft targets," but a Congress spokesman in Lusaka said it had no comment to make.

CONTENTS

Despite many petitions from ecology movements, Soviet allies have not changed their energy plan, **Leslie Colitt** writes

Chernobyl fails to deter Eastern Europe's N-power ambitions

THE SHOCKED reaction in Eastern Europe to the Chernobyl disaster has done little to deter the Soviet Union and its allies from their ambitious nuclear power programmes.

The six small East European countries argue that their poor fuel resources and the limits to generating electricity from low quality, highly polluting ground coal leave them little alternative to nuclear power. Until Chernobyl happened, many East Europeans agreed that "clean" nuclear energy was preferable to filthy emissions from soft coal.

Only independent Yugoslavia, where the Government was deluged with anti-nuclear petitions, has decided not to build an additional nuclear generating plant.

Mr Nicolae Ceausescue, Romania's leader, last week spoke of a review of his country's nuclear plans. Romania's first nuclear power plant—with Canadian and not Soviet reactors—is, however, already delayed by at least 12 years because of financial and technical problems.

East European governments are turning a deaf ear to appeals to limit nuclear power.

The ecology and peace movement in East Germany petitioned the authorities for a referendum on the use of nuclear energy. Another petition asked the Government to cancel plans for a third nuclear power plant and to double capacity at a nuclear plant in the north.

The Charter '77 civil rights group in Czechoslovakia issued an open letter to the authorities in Prague demanding "that the public be informed about the conclusions to be drawn from the Chernobyl disaster."

About 3,000 inhabitants of Bialystok in Poland called on the authorities to halt construction of the first Polish nuclear power plant at Zarnowiec near Gdansk until work could resume under the supervision of the International Atomic Energy Agency in Vienna.

The citizens' appeal was backed by the banned Solidarity trade union which in 1981 spearheaded the drive to reduce Poland's massive environmental pollution.

In response, the Polish authorities said the Zarnowiec plant would meet world safety standards and did not require modification. Czechoslovak officials simply ignored the Charter '77 letter. But recent remarks on nuclear energy by Mr Erich Honecker, East Germany's leader, in a Swedish newspaper indicated an awareness of growing concern over nuclear power in Sweden and his own country.

Mr Honecker said East Germany intended to expand nuclear energy but that it was awaiting a detailed Soviet report on Chernobyl. After examining this, the nuclear power issue would be further discussed. In his opinion, he said, nuclear power was not the final word.

Mr Honecker said the widespread use of brown coal to produce 90 per cent of East Germany's energy was a major source of pollution. Nevertheless, he said, he was "glad that we chose brown coal and not nuclear energy."

ROLE OF NUCLEAR ENERGY IN EASTERN EUROPE'S ELECTRICITY PRODUCTION

	Capacity MW		Production (bn kwh)		Share of nuclear power	
	Total	Nuclear	Total	Nuclear	Capacity MW	Prodctn %
Bulgaria	9,800	1,760	41.6	13.1	18	31.5
Czechoslovakia	19,700	2,200±	80.6	11.8	11.2	14.6
East Germany	22,000	1,830	113.8	11.2	8.3	9.8
Hungary	920	880	27.0	5.0	14.8	18.5

Source: German Institute of Economic Research

By contrast, shortly after Chernobyl, Mr Vastimil Ehrenberger, Czechoslovakia's Energy Minister, flatly stated that by the end of the present five-year plan in 1990 five nuclear reactors generating 2,200 MW would be in operation. Another four reactors totalling 4,000 MW were to be completed in the 1990s.

A more cautious view was offered on June 11 by Mr Jiri Beranek, Czechoslovakia's chief nuclear energy inspector. He noted that Chernobyl had shown there was a "real, although highly improbable" chance of such an accident in Czechoslovakia. There was, he said, a need to re-examine the effectiveness of safety measures.

Although East Germany and Czechoslovakia, along with Hungary and Bulgaria, are not expected to lower their nuclear power targets, emphasis will be placed on improving safety standards and equipment.

The German Institute of Economic Research (DIW) in West Berlin believes this could lead to further delays in implementing Eastern Europe's nuclear expansion programme.

East Germany had planned that nuclear energy should contribute 13.7 per cent of its installed electric generating capacity in 1990 compared with 8.3 per cent last year. Czechoslovakia aimed to generate 32.4 per cent of its electricity from nuclear power plants by 1990 compared with 14.6 per cent in 1985.

As in the West, nuclear energy programmes have suffered considerable setbacks. Part of the problem lay in adapting the Soviet-designed VVER reactors and peripheral equipment to operate in densely populated Central Europe.

The VVER 440 MW pressurised water reactors—the only reactors used in Eastern Europe—were entirely different from the graphite cooled RDMK reactors at Chernobyl but they, too, were not designed to operate within a protective containment building. The larger and more advanced VVER 1,000 MW reactors now being introduced in Eastern Europe are to be surrounded by a radiation-resistant and impact-proof containment vessel of the type which has long been standard in the West.

Until recently, East Germany also planned to instal Soviet-built AST 500 reactors to supply district heating in East German cities. Widely used in the Soviet Union, these reactors are erected close to the housing areas receiving the heat and thus present additional safety problems.

It is questionable whether East Germans who have been sensitised to nuclear dangers would be prepared to live with nuclear power plants virtually in their backyards.

Eastern Europe has one advantage over Western Europe in the disposal of nuclear waste. The spent radioactive nuclear fuel from Eastern Europe's nuclear power plants is sent to the Soviet Union for reprocessing. Uranium, mined in both Czechoslovakia and East Germany under Soviet supervision, is also delivered to the Soviet Union for processing and enrichment.

This tight control by Moscow of the nuclear fuel cycle ensures there will be no misuse by the East Europeans, while at the same time relieving them of the onerous problem of storing highly radioactive wastes.

FOOD WARNINGS FOLLOW DISCOVERY OF HIGH CAESIUM LEVELS IN GERMAN TESTS

SAMPLES OF food and soil taken last week from East Germany and the West German state of Bavaria showed very high levels of radioactive caesium, writes Leslie Colitt.

Dr Heinz Helmers, a physicist at West Germany's Oldenburg University, said soil samples from Neuruppin in East Germany, north of Berlin, showed that the caesium level had risen 20-50 times since the Chenobyl nuclear accident. He advised that children in East Germany should *not* consume milk and meat from the area. Similar results were found with samples taken from four other areas of East Germany.

Prof Herbert Begemann, a West German haematologist, said the number of deaths from cancer would rise in East Germany by 600-2,000 annually as a result of the Chernobyl accident.

The same study, commissioned by West German television, also showed high levels of caesium in Bavaria. Game and fish had levels one and a half times higher than the maximum permitted for consumption by the European Community. The Society for Radiation Research at Munich said soil samples from Regensburg and Augsburg showed 30,000-40,000 becquerels of caesium per kilo. This, Prof Begemann said, would lead to even more deaths from cancer than in East Germany.

● Swedish food officials warned yesterday against eating fish caught in some parts of the country more than once a week because of high radiation levels, Reuter reports from Stockholm.

Lake fish caught in parts of northern and eastern Sweden contained up to 10 times the permitted level of radioactivity following the accident at Chernobyl.

'Business as usual' for Craxi cabinet

THE ITALIAN Prime Minister, Mr Bettino Craxi, attempted to project a "business as usual" image yesterday in the face of the government crisis by calling a cabinet meeting to approve several decrees, writes Alan Friedman in Milan.

President Francesco Cossiga, meanwhile, was considering whom to charge with forming a new government after his consultations this week with former Italian heads of state and political leaders. He is expected to announce his decision this afternoon. Mr Craxi's government resigned last Friday following a defeat in parliament.

French nuclear chief

The French Government appointed Mr Jean-Pierre Capron as head of the Atomic Energy Commission yesterday, strengthening its political control over the agency, **Reuter reports from Paris.** He replaces Mr Gerard Renon, apparently regarded as being too close to President Francois Mitterrand.

EEC farm grants

The European Commission yesterday announced grants totalling some Ecu 115m (£72m) to improve EEC farming structure, **Reuter reports from Brussels.** It is giving Ecu 94m for 281 projects shared among member states designed to make more efficient the processing and marketing of agricultural produce. In addition, it will give Ecu 21m for projects, most of them French, to improve vineyards.

Holiday promise

Italy's three main trade union federations have promised travellers a trouble-free summer in an attempt to improve their image with the strike-weary public, Reuter reports Rome. Leaders of the CGIL, CISL and UIL said yesterday they would not call any stoppages on ferry and air services between Italian islands and the mainland from July 15 to August 31, the peak holiday season. Local or nationwide public transport strikes would have to be authorised by all three confederations.

Soviet quality bid

The Soviet Communist Party yesterday laid out measures to improve the quality of goods with rewards for successful factories and penalties for slipshod work, Reuter reports from Moscow. Factories maintaining a consistently high level of production will receive prizes and rewards of up to Roubles 20,000 (£18,850). Workers committing "gross violations of technical discipline" will have their pay lowered for three months.

Dutch air protest

The Netherlands has protested to Austria over its refusal to renew a licence for a small Dutch airline to operate a twice-daily service to Vienna, Reuter reports from The Hague. Dutch officials linked the issue to a long-running dispute between KLM and Austrian Airlines over load-sharing on the Amsterdam-Vienna route.

Debtor nations plea

Heavily indebted Third World states need new long-term credits on concessional terms to speed their economic recovery and some of their debts should be written off, United Nations Secretary-General Javier Perez de Cuellar said yesterday.

Yugoslav N-power

Yugoslavia's international tender for nuclear power plants has attracted 10 bidders, Reuter reports from Belgrade quoting the official Tanjug news agency. The tender, put out last year, was for four plants to be built by the year 2000 at a cost of $10bn. Energy experts would select the best offer within nine months, Tanjug said. The Government announced last month that no decision on nuclear power plants would be made until a long-term energy programme had been adopted.

Jordan wants jets

Jordan has expressed interest in buying about 40 Tornado fighters from Britain, which produces the aircraft in a consortium with West Germany and Italy, the West German newspaper Die Welt said yesterday.

Polish Catholic leaders hold out for full amnesty

BY CHRISTOPHER BOBINSKI IN WARSAW

THE attempt by General Wojciech Jaruzelski, Poland's party leader, to persuade lay Catholic leaders to participate in government bodies could founder if all the country's political prisoners are not released under an amnesty expected later this month. Leading Catholics have rejected all such overtures since the crushing of the Solidarity movement.

For two months, the Government has been talking to men like Mr Stanislaw Stomma, who chaired Cardinal Josef Glemp's advisory committee, about joining a new consultative body attached to the Council of State, the collective presidency headed by Gen Jaruzelski.

The idea of a consultative body was unveiled at the Communist Party congress this week, although there was no mention of who might sit on it. If Catholic leaders agreed to join, it would be an important success for the general in his attempts to reach an understanding with the population on his own terms.

However, it appears likely that the amnesty will not include underground Solidarity leaders like Mr Zbigniew Bujak who was arrested in May.

Catholic leaders are pressing for a full amnesty before they will consider joining the largely symbolic consultative body. Party officials admit privately that there are no political risks for the Government in freeing top Solidarity leaders, but there is opposition to a full amnesty from the security service. It wants men like Mr Bujak to go on trial for espionage

Over the past month, however, moves by the security service against Solidarity supporters, following the arrest of Mr Bujak, have been peculiarly inconsistent and have reflected the running debate inside the establishment over whether to follow a liberal or a tough line.

Switzerland to ease monopoly on telecoms

THE SWISS Government proposed yesterday that the Post Office's monopoly on telex and telephone services should be eased to allow private companies to supply equipment to subscribers, Reuter reports from Berne.

It published a draft law under which the Post Office would retain its monopoly over the country's telecommunications network but lose its exclusive right to sell telephones, switchboards and telex machines.

Mr Leon Schlumpf, Communications Minister, told journalists that any liberalisation would have to be gradual to protect Swiss manufacturers.

"We don't want just to open doors, we are thinking of reciprocal agreements with other countries," he said.

The draft law will be circulated to interested parties for comment before being put before Parliament.

Court rules today on EEC budget

BY QUENTIN PEEL IN BRUSSELS

THE EUROPEAN Court of Justice will today deliver its judgment on the legality of the 1986 EEC budget, in a test case on the power ofthe European Parliament which could also have a rapid effect on Community spending.

If the Court follows the opinion of its advocate-general, it will reject the final budget of Ecu 33.3bn (£21bn) as invalid, and require both the member states and the Parliament to get together to work out an alternative.

That means the Community will have to operate on a system of "provisional twelfths" until a new agreement is reached — or limit its spending per month to one-twelfth of last year's level.

If no deal is reached within a month, then the absence of a legal budget would mean putting a freeze on all new recruitment to EEC institutions, and stopping many payments to Spain and Portugal, which were not member states in 1985, according to officials in Brussels.

Both the European Commission and officials in the Council of Ministers believe it should be possible to settle a new budget very quickly, although the process of negotiation is traditionally long and ill-tempered.

In addition to simply agreeing a figure for the original budget, the member states and the members of the European Parliament are being asked to sanction extra spending for the current year which would exhaust all the funds available within the "ceiling" on existing cash contributions. That is the so-called 1.4 per cent value added tax ceiling, a theoretical formula based on that percentage of a common basket of goods and services in each member state.

The Commission is ready to deliver today a rectifying letter requesting the extra funds for the budget—more than Ecu 1.8bn (£1.1bn) for extra farm spending, and payments from the social and regional funds, and some Ecu 500m in extra rebate payable to the UK.

An urgent meeting of budget ministers of the 12 member states has been summoned for Monday, in order to approve a new budget proposal to submit to the European Parliament meeting in Strasbourg next week. The intention is actually to finalise a budget by the end of the week.

A different decision of the European Court would obviously force drastic rethinking of that plan of action.

There remain clear differences between the Parliament and the Council of Ministers, with the actual sum of money in dispute amounting to Ecu 629m, the largest part intended for spending on the social and regional funds.

If agreement is not reached swiftly, the system of provisional twelfths would cut spending and revenues to the rate of 1985, when the VAT ceiling was only 1.0 per cent, and there were only 10 member states—a dramatic reduction, with rapid effects.

WEST GERMAN PRESIDENT ADDRESSES UK HOUSES OF PARLIAMENT

Weizsäcker tribute to Britain

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN LONDON

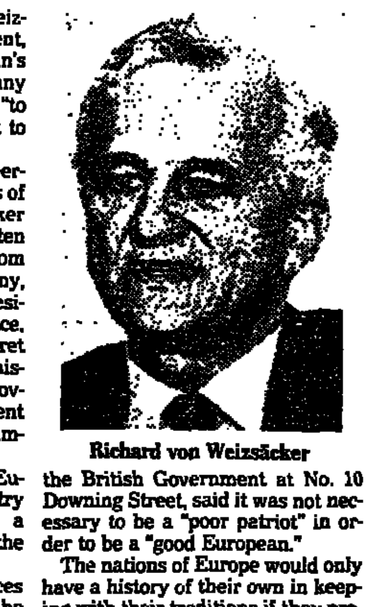
PRESIDENT Richard von Weizsäcker, the West German President, yesterday paid tribute to Britain's role in saving Europe from tyranny and said the UK had no need "to furnish proof of its commitment to Europe and its basic values."

In the first address by any German head of state to both Houses of Parliament, Herr von Weizsäcker said his country had not forgotten the lessons of the past. But freedom proved to be stronger than tyranny, largely thanks to Britain, the President told an appreciative audience, which included Mrs Margaret Thatcher, the British Prime Minister, and other members of the Government. The President's excellent use of English particularly impressed his listeners.

"What would have become of Europe if the people of this country (Britain) had not put up such a courageous resistance, part of the time standing alone?" he said.

"What would the consequences have been if they had not found the strength to protect their way of life and to keep alive the hopes of all the nations of Europe for a better future in freedom?"

President von Weizsäcker, who is on a four-day state visit to Britain and later was the luncheon guest of



Richard von Weizsäcker

the British Government at No. 10 Downing Street, said it was not necessary to be a "poor patriot" in order to be a "good European."

The nations of Europe would only have a history of their own in keeping with their traditions if they proceeded together. But that did not mean that they had to fit the same mould. Those who denied their national identity could not be reliable partners.

"A Europe in which I could no longer be a German out of conviction and love for my country is not, in my view, desirable, nor would it be viable.

"We need in Europe a United Kingdom which thinks like the United Kingdom. This ensures the enrichment we want from you and which, who would doubt it, we get because, happily, you will stay the way you are for ever."

The President's soothing words for those in his audience who fear that the European Community will mean a loss of national identity and control over their own affairs were tempered by a warning that double standards should not be applied to national and European decision-making.

Naturally, every country was free to make its own decisions regarding the powers it wanted to concede to European institutions. The European Parliament could not have any more powers than the member countries wanted it to have.

However, care had to be taken that a different method of separation of powers was not adopted for the conduct of European than for national affairs.

"We already have European legislation, except that it is not under the control of the European Parliament. Can we want progress towards European union to be accompanied by a loss of parliamentary substance? What will our citizens understand of Europe under such conditions?" the President said.

However, Herr von Weizsäcker was surprisingly critical of the European Community's agricultural policy, stressing that it not only took the lion's share of the Community budget, but that it posed a threat to the EEC's relations with many other countries.

The food which the Community produced at a much higher price was forcing these countries out of world markets and they were thus deprived of the opportunity to cure their economic problems.

The small European farmer was not to blame for this. It was the system which was wrong. "It produces a dubious morality and bad policy, especially towards the Third World."

President von Weizsäcker also warned Europeans not to become inward-looking and to be satisfied only with their material comfort.

With its 320m citizens in the Community, its cultural and material resources, its historical experience and democratic legacy, Europe could not abdicate its role in world affairs.

Olympics body delays statement on Korea

THE OLYMPIC Games governing body said yesterday that it wanted to leave doors open in an effort to settle a dispute between North and South Korea that could provoke a Communist boycott of the 1988 Seoul summer Games, **Reuter reports from Lausanne.**

"It is a very difficult situation," Miss Michele Verdier, the spokeswoman for the Lausanne-based International Olympic Committee (IOC) said. "We want to keep all doors open."

Miss Verdier said an IOC statement planned for yesterday had been postponed until today because Mr Juan Antonio Samaranch, the IOC President, had returned later than expected from Madrid, where he stopped on his way back from the World Cup soccer tournament in Mexico.

The statement would disclose formal replies from North and South Korea to a "final offer" by the IOC to share some events of the Seoul Games to head off the boycott threat.

"The president met briefly with representatives from North and South Korea this afternoon and he wants time to think things over before issuing a statement," she added.

The IOC set a June 30 deadline for the countries to respond to the compromise plan, which gave two full events and parts of two others to North Korea.

Call for life sentences at Achille Lauro trial

THE PUBLIC prosecutor demanded life sentences yesterday for the alleged ringleader of the hijackers of the Achille Lauro cruise liner and six suspected accomplices including Palestinian guerrilla leader Abu Abbas, **Reuter reports from Genoa.**

Summing up at the end of the two-week trial, Mr Luigi Carli, the prosecutor, also demanded 30 years for another hijacker and jail sentences ranging from three to 30 years for six others.

But he asked for an unspecified minimum sentence for hijacker Ahmed Al Assadi, who gave evidence against his fellow Palestinians.

Abbas, who is alleged to have masterminded the two-day seizure last October during which Mr Leon Klinghoffer, an elderly crippled American, was killed, was tried in his absence as were nine others.

Mr Carli distributed a written list of his recommendations to journalists before making them to the court.

Mr Carli called for a life sentence for Magied Al Molqi, 23, who he said was the ringleader and had murdered Mr Klinghoffer. He said Molqi ordered two crew members of the Italian liner to throw Mr Klinghoffer's body over the side in a wheelchair.

He described Mr Klinghoffer's killing as absolutely immoral and unjustified.

Mr Carli asked for a 30-year sentence on alleged hijacker Ibrahim Abdelatif, 27. He said that Molqi and Abdelatif had threatened the life of Assadi in an outburst earlier in the trial.

Abbas, who was allowed to go free by Italian authorities after an Egyptian airliner carrying him and the hijackers was forced down by US fighter aircraft in Sicily, handpicked the team to seize the liner, Mr Carli said.

Abbas arranged for the hijackers to be trained at a camp in Algeria and later to travel to Tunis

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OVERSEAS NEWS

New Zealand to let some farmers restructure debts

BY STEPHANIE GRAY, RECENTLY IN WELLINGTON

NEW ZEALAND's Labour Government moved yesterday to aid the country's stricken farming industry, but made clear that the long-delayed "rescue package" would not cut across its overall strategy of deregulating the economy.

Mr Roger Douglas, the Finance Minister, and Mr Colin Moyle, Agriculture Minister, announced measures in Parliament aimed at allowing potentially profitable farmers to restructure some of their debt.

The ministers said farmers in financial trouble would be able to reorganise loans held by the state-owned Rural Bank and that it would guarantee some private sector loans for the coming season, provided other lenders would also underwrite outstanding debt.

The Government said, however, that it was "not in a position to act as banker, funder, subsidisor and guarantor on a permanent basis of farmers' business survival no matter what changes occur in the outside world or what *adjustments* are required in the economy.

"Farming has to be commercial and it has to become profitable to ensure its own survival as an industry."

The package, the full details of which have yet to emerge, was immediately condemned by the main farming lobby group, Federated Farmers, who said the Government was virtually abandoning the industry.

"We are not going to allow the wholesale driving of farmers off their land," a spokesman said in a statement.

Sheep and beef farmers' incomes have dropped by half in the past year and dairy farmers incomes are set to fall by a third in the coming season, largely as a result of the floating of the New Zealand dollar which has appreciated by 28 per cent against the US dollar.

More than 50 per cent of all farmers face a cash deficit this year of about NZ$12,000 (£4,287). Furthermore, the value of their land, has, over the past few years, fallen by half as widespread agricultural subsidies have been removed and interest rates have soared. Some farmers have as many as 10 mortgages on their property.

Overall farm debt is estimated at more than NZ$8.5bn of which about NZ$2bn is thought to be unrecoverable under normal commercial parameters.

Reuter adds from Wellington: New Zealand's current account deficit widened to a record NZ$2.87bn in fiscal 1985-1986 ending March 31, from NZ$2.82bn, the previous record, in 1984-85, the Statistics Department said.

The deficit widened to NZ$934m in the first quarter of calendar 1986 from a revised NZ$611m in the fourth quarter 1985 *and NZ$222m in the first* quarter 1985, reversing a trend that had seen it narrow year-on-year in each of the preceding three quarters.

The department said the increase in deficit was influenced by aircraft purchases by Air New Zealand and by delays in meat exports caused by industrial action early in the year, but was not solely caused by it.

Imports totalled NZ$12bn in 1985-86, with NZ$3.06bn in the March quarter against NZ$2.68bn the previous period and NZ$3.05bn in March 1985.

Exports totalled NZ$10.90bn, with NZ$2.50bn in the March quarter compared with NZ$2.54bn and NZ$3.21bn.

Wool profits clipped, Page 38

Deadline set for Shin Bet probe

By Andrew Whitley in Tel Aviv

THE ISRAELI Government of Mr Shimon Peres has been given two weeks by the *country's Supreme Court to* explain why there should not be a judicial inquiry into the apparently endless string of Bet security service, as is being *demanded by lawyers* and left-wing and Labour politicians.

Pitting the issues of public morality and national security *against each other* in an often-sharp battle over where "the national interest" lies, the month-old Israeli crisis — the latest in an apparetnly endless string of similar internal wrangles—now seems, however, to be losing strength.

Over the past 48 hours, its focus has moved firmly away from the political sphere and into the legal domain. And while the legal arguments continue, a limited form of *inquiry into the relationship* between the Shin Bet and the Government *today* appeared to be the most likely outcome.

Sensing that public opinion is on his side in his desire to see an unseemly affair ended as soon as possible, Mr Yitzhak Shamir, the Foreign Minister and Likud leader, has lashed out again at the press—seen as fomenting the crisis—and his Labour coalition partners.

Democracy is under strain, **Kathy Evans** reports from Dubai

Kuwait cabinet plays for high stakes

WHEN Kuwaiti Deputy Prime Minister and Foreign Minister Sheikh Sabah al Ahmed offered the resignation of the country's *entire* cabinet this week, it brought to a head the conflict of Wills which has been going on for nearly a year between the country's Government and *its parliament.*

The stakes in the contest are high—*the future* style of democracy in Kuwait. At the heart of the issue is the right of members of parliament to question, criticise and even remove government ministers from office.

It is a right guaranteed by the country's remarkable constitution—remarkable, that is, in a Gulf context. But in recent months, as the economic and security situation has taken a battering, the twice weekly exercise in democracy in Kuwait has become a gruelling and at times embarrassing experience for both ministers and the ruling family.

The dispute really began a year ago when Sheikh Salman al Duaij al Sabah, Kuwait's then Justice Minister, was forced to resign following parliamentary accusations that he had abused gain. The resignation followed gain. The resignation followed hours of intense questioning by certain blocks in parliament. It was a public humiliation of the man who had long been a close friend and adviser to Sheikh

The Emir of Kuwait

Jaber al Ahmed al Sabah, the Emir and head of state.

Emboldened by its success in removing a minister in a single session of parliament, nationalist and Islamic fundamentalist groups in the assembly then went on to haul in other *ministers for scrutiny.* Oil Minister Sheikh Ali Khalifa al Sabah, renowned internationally in oil circles for his work within the Organisation of Petroleum Exporting Countries, was the first to face such detailed questioning.

His decision in 1981 to purchase Santa Fe, the US oil services company, was criticised as was the price that Kuwait paid for the company. Islamic fundamentalist deputies also accused him of employing Jews and homosexuals within the many subsidiaries which make up the country's national oil company.

Most analysts at the time interpreted this offensive by the opposition against Sheikh Ali as resulting from decisions made during his term of office as Minister of Finance. During that time, certain prominent businessmen and some members of the Sabah family received assistance from semi-government organisations running into billions of dollars for their debts from the Souk al Manakh stock market.

The revelations, together with all the names, came to light during a series of interrogations levelled at Sheikh Ali in parliament, and proved highly embarrassing all round.

Echoes of the Souk al Manakh scandal inevitably touched Mr Jassim Khorafi, the present Finance Minister. However, Mr Khorafi has also had to cope with a rapid worsening of the country's *economy and* banking situation in recent months. The banks are proposing to set up a fund to buy up all their bad debt, but parliament is opposed to *spending* public money to help out stock market dealers. The assembly is also insisting on the records of meetings at the central bank of Kuwait being made available to them.

Next week, three government ministers, including Mr Khorafi and Sheikh Ali, were due to face another bout of questioning by parliament. Sheikh Ali in particular was expected to face tough questioning on the failure of his ministry to protect the country's oil installations, which last month were wracked by bomb explosions

It was clearly a prospect which the cabinet did not relish, which is why it made its resignation offer to the Prime Minister and Crown Prince, Sheikh Saad al Abdullah. Sheikh Saad's view on the rights of deputies to question ministers is well known. He has not appeared in parliament since the Justice Minister was forced to resign.

The Prime Minister's prolonged absence from the country earlier this year and his non-appearance on the front benches of parliament led to growing fears in recent months that the Emir may be tempted to suspend parliament, as happened in 1976 for four years. However, the Emir has frequently reiterated his commitment to the democratic tradition in Kuwait.

Whether he is prepared to sanction the rough and tumble of parliamentary debate when it impinges on the dignity of his ministers will only be known when the decision is made on the offer of resignations by the cabinet. As it is the only elected parliament in the Gulf region, the decision will be closely watched.

Egypt holds religious extremists

By Tony Walker in Cairo

EGYPT appears to have launched a fresh crackdown against religious extremists with the arrest of 37 people on charges of sabotage. The arrests follow recent instances of harassment by security authorities and leftists and others.

Officials have been saying privately that the Government is unprepared to make concessions to the religious right whose influence is on an upswing in Egypt at present. At least one prominent religious figure is being held under the emergency law instituted after President Anwar Sadat's assassination in October 1981.

According to al-Mussawar, a semi-official weekly magazine, the 37 were arrested on charges of setting fire to two Cairo theatres recently and four video rental shops last week.

President Mubarak in an interview in the same edition of the magazine said that some of those arrested were members of the proscribed al-Jihad (Holy War) group implicated in the Sadat assassination. They are being held under the emergency powers.

Religious extremists are also being blamed for an attack on a grocery shop selling liquor and pork in the fashionable suburb of Zamalek where a number of foreign embassies are located.

Five-week seige of Beirut camp lifted

BY NORA BOUSTANY IN BEIRUT

TRUCKS flying UN flags and carrying food and medical supplies yesterday entered the Palestinian refugee camp of Bourj al-Barajneh, in the south-east of Beirut, marking the end of a five-week seige during which at least 160 people are reported to have been killed.

The camp had been under persistent attack by members of the Shi'ite Amal militia who continued yesterday to man roadblocks leading to the Palestinian stronghold.

Although the truce declared in Damascus 10 days ago seems finally to have taken hold, hatred generated by this latest Lebanese-Palestinian camp war has not subsided.

A Palestinian woman walking back with her shopping bags was beaten up and her vegetables and fruit trampled on by militiamen near the camp, foreign doctors working in the only hospital in Bourj al-Barajneh said.

Residents have been warned not to buy cooking gas from a donkey-pulled tank after four women were brought into the Haifa hospital with severe burns on their faces, arms and chests. A local vendor had sold them an inflammable mixture of kerosene and turpentine, according to an irate resident and nurses at the Haifa hospital.

When fighting erupted on May 25, residents dragged their children and blankets to sleep on the hospital floors, believing it was the safest place... However, it was the periphery of Bourj al-Barajneh and the Haifa hospitals which were worst hit.

The top floors of the hospital had to be evacuated, after snipers fired at a foreign doctor, *one of six physicians serving* the camp's population of 15,000.

The east wing of the hospital received direct hits, its walls were gutted and glass doors *peppered with sniper shots.*

A Palestinian doctor said most of the 75 operations performed at Haifa hospital were done in an underground theatre. "I *performed* 25 operations, but am not specialised in surgery," he said.

Water was streaming down the staircases of the crowded hospital yesterday from burst water tanks on the roof. An old man with head burns was moaning with pain on the first floor. There were five patients to a room. A dazed young woman in black with red swollen eyes was brought in by relatives.

"Life is still not normal for us. Only the women can go out. This is a temporary truce. There is no radical solution and no one has been disarmed," one of the camp's 20 nurses said.

Iranians recapture border town after two-day battle

BY ROGER MATTHEWS, MIDDLE EAST EDITOR

IRANIAN FORCES have recaptured the border town of Mehran from Iraq for the second time in the Gulf War. A communique from Tehran said that more than 750 Iraqis had been killed in the two-day offensive and 200 taken prisoner.

Iraq had held the town for just six weeks and acknowledged yesterday that its troops had pulled back to the international border.

The Iraqi attack on Mehran, which has been severely damaged during the past six years of intermittent fighting, was made in response to Iran's partially successful offensive in February against the southern Faw peninsula.

Iraq suggested *that its* seizure of territory around Mehran had offset the continuing Iranian occupation of part of the Faw peninsula. However, neither battle looks likely to have a decisive impact on the war.

Iran has again demonstrated its capacity to make limited advances at often very high human cost. Iraq has also underlined its inability to withstand offensives on Iranian soil and has again withdrawn behind the massive in-depth defensive barriers it has created at the most vulnerable points along the border.

The much-heralded Iranian mass attack, designed to bring the regime of President Saddam Hussein to its knees, has yet to materialise despite Ayatollah

Khomeini's call for more volunteers and the deployment of additional troops and Revolutionary Guards in the border area.

The capacity of both countries *to prosecute* the war at its former levels is being severely curtailed by the collapse in international oil prices. Revenues this year may be only one-third of their 1985 totals, forcing the two regimes to reduce military spending levels while seeking to conserve stocks of armament and ammunition.

Despite the growing unpopularity of the war among some sections of the population in Baghdad and Tehran, exacerbated by mounting economic difficulties and shortages of some basic commodities, there is still no indication of an early end to the hostilities.

AMERICAN NEWS

UN survey forecasts modest growth in world's economy

BY OUR UNITED NATIONS CORRESPONDENT

WORLD economic growth will show a modest improvement this year and in 1987, but growth rates are likely to be far below those of earlier decades despite declining interest rates and oil prices and a lower dollar, the United Nations said yesterday in its annual world economic survey.

All countries benefited from lower interest rates, which were critical to the sustaining of the global economy in the medium term, but the oil and dollar impact was more complicated, UN economists said.

Falling interest rates and oil costs could save $25bn annually in the combined import bill of energy-importing nations – equivalent to 1½ per cent of their aggregate GNP.

But the UN report said that an oil price "free fall" would have a devastating effect on socio-economic conditions in the oil-producing states. These accounted for 25 per cent of the developing countries' total population and more than 40 per cent of their total GNP in 1985.

The UN termed "a serious anomaly" the net outflow of financial resources from developing countries that exceeded $30bn in 1985. Net interest payments of $54bn last year and a fall in net capital flows from a 1981 high of $63bn to $13bn were to blame, it said.

Referring to capital flight, the report said creditor countries should help the developing ones at least to stem those outflows that violated foreign-exchange controls and other legal prohibitions.

Persistent imbalances in the world economy could not be tackled by national policies alone, the UN said. It proposed joint international action to deal with trade, finance, money, commodities and debt, which were inter-related. These matters will be debated in the UN General Assembly this autumn.

Noting that oil price levels were at their lowest point in real terms since the end of the second world war, the survey observed that the outlook was "sombre" for non-fuel commodities, with a resultant improvement in GNP of only ½ per cent likely in the energy-importing Third World countries in 1986.

But if oil settled between $10 and $12 a barrel, the energy-exporting developing countries might capture 55 per cent of the market compared with their share of 40 per cent in 1985, the UN said.

Correspondingly, the developed countries' share might fall by 10 per cent to 19 per cent.

An assumed sharper depreciation of the dollar would have a negligible effect on global GNP through 1988, the UN analysts concluded, but individual countries would show results different with Japan, for example, likely to be hurt by a slowing in its GNP by 1.1 per cent by 1988.

The European Community members would suffer by about the same amount, but developing countries output growth would rise by an additional 1.3 per cent and the US by an additional 0.8 per cent, the UN estimated.

Supreme Court backs job quotas for minorities

BY NANCY DUNNE IN WASHINGTON

THE US Supreme Court yesterday handed civil rights groups a major victory over the Reagan Administration by reaffirming the legality of affirmativ action —the setting of employment targets and quotas for minorities and women in the workplace.

For years the court has skirted around the contention that affirmative action is a form of reverse discrimination, but at the beginning of the 1985-86 term the court agreed to rule on two cases to clarify its views.

In one case six of the nine justices upheld a plan in Cleveland which reserves about half the promotions in the city's fire department for qualified minority candidates.

Writing for the majority, Justice William Brennan said that federal law does "not prohibit a court from ordering affirmative race-conscious relief as a remedy for past discrimination." Such agreements do not amount to unlawful "reverse discrimination," he said.

In the other case, also a 6-3 decision, the court ruled that a union representing sheet metal workers in New York and New Jersey must significantly raise its non-white membership by August 1987.

The cases were the latest of a series taken up by the high court since 1984, when the justices ruled, in a Memphis, Tennessee, case, that a federal court could not order whites to be laid off before blacks with less seniority. While not prepared to hold the principles of affirmative action above seniority the court struck down the position of the administration that relief from discrimination can be granted only to those individuals who can prove they have been actual victims of racial, ethnic or sexual bias.

The Reagan Administration, with the notable exception of Mr William Brock, the Labour Secretary, has been consistently critical of affirmative action.

Mr Edwin Meese, the Attorney General and other Justice Department officials have argued for a relaxation of a 20-year-old executive order which requires all government contractors to set goals for recruitment, hiring training and promotion of minorities and timetables for reaching these goals.

Brazilian banks enforce 15-day ban on credit

BY IVO DAWNAY IN RIO DE JANEIRO

A TOTAL halt of bank credit to private cheque account customers is being enforced in Brazil, following a call from Mr Dilson Funaro, the finance minister, for a 31.6 per cent cut in direct consumer credit between now and September.

While the minister claims he had not envisaged such drastic measures, the banks have insisted that a 15-day ban on all new loans is necessary to put into place new credit rules.

The credit freeze is the latest in a series of government moves to fight the boom in consumer spending. Latest figures released by Sao Paula chamber of commerce reveal that sales increased by 12.5 per cent in May on the previous month.

In mid-June the four-weekly consumer prices index for the key industrial region of Sao Paulo rose by 1.19 per cent against a rise of 1.92 per cent for the previous four weeks. Prices before the anti-inflationary Cruzado Plan was introduced were estimated to be rising at an annual rate of 500 per cent.

Since the Cruzado Plan, which froze prices and created a new fixed exchange rate currency, was announced at the end of February, spending has increased an average of about 13 per cent monthly, as the public has withdrawn savings to purchase consumer durables.

Mexico to meet its commercial creditors

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

SENIOR MEXICAN officials are expected to meet the country's main commercial bank creditors at the end of next week for the first time since Mr Jesus Silva Herzog was replaced as Finance Minister by Mr Gustavo Petricioli.

The one-day meeting is seen as principally a fact-finding exercise, which will allow the Mexican officials to update their bank creditors on the progress of their negotiations with the International Monetary Fund. But it may also provide fresh indications of how much commercial bank finance Mexico will actually require to close its balance of payments gap this year.

Citibank, one of the banks which chairs the creditors negotiating committee on Mexico, and agent on the $5bn loan facility signed by Mexico in 1983, confirmed that Mexico yesterday met a $98m interest payment in full and on time.

This follows rumours earlier in the week that difficulties between Mexico and the IMF might cause the Government of President Miguel de la Madrid to suspend interest payments, at least temporarily, on the country's $97bn foreign debt.

The payment was seen in the banking community as a further sign that differences between Mexico and the IMF are narrowing, although bankers said it was doubtful whether full agreement could be reached before their meeting with the Mexican side next week.

Mr Petricioli himself is thought unlikely to attend the bankers' meeting, leaving this task to two senior Finance Ministry officials, Mr Angel Gurria and Mr Francisco Suarez Davila, who have played a key role in the IMF talks so far.

● Brazil is now due to sign its $31bn interim rescheduling package with commercial bank creditors on July 25 despite the continued wavering of some banks who remain upset at the Government's failure to make good the foreign liabilities of three private sector banks that failed last year owing creditors some $450m.

Although no agreement has yet been reached on how to deal with the debts of these banks, the Monetary Council in Brasilia recently endorsed a guarantee scheme for the foreign loans of private banks which could help drum up support for the rescheduling.

Also due to be signed next Thursday – after nearly a year of preparation – is a $2bn rescheduling agreement for Uruguay.

Rocket booster erosion caused Titan explosion

THE LOSS in an explosion of an unmanned US Titan 34D rocket during a military mission last April was most likely caused by erosion inside a solid fuel booster, the US Air Force said yesterday, AP reports from Washington.

Rubberised insulation was lost inside the booster, allowing the burning fuel to eat through the rocket's thin metal skin, touching off the catastrophic fireball, Brig-Gen Nathan J. Lindsay said.

There was no evidence indicating that large O-rings on the solid-fuel boosters failed, as was the case in the explosion of the manned space shuttle Challenger, on January 28, Gen Lindsay said.

However, the solid-fuel boosters used on the Titan and the space shuttle are similar in design, and the latest findings will force the US space agency as well as the air force to review the insulation bonding techniques used on the boosters, Gen Lindsay said.

Gen Lindsay said the air force still had faith in the overall design of the solid rocket boosters.

Chile protest death toll reaches three

A 13-YEAR-OLD girl was shot dead by soldiers in Santiago yesterday, raising to three the number of people killed in the first hours of a two-day anti-Government protest, police sources and witnesses said, Reuter reports from Santiago.

One witness told a local radio station that soldiers began shooting at demonstrators in south Santiago and the girl was hit in the stomach and the leg. She had gone out to buy bread, the witness said. Earlier yesterday, two men were reported to have been shot dead in separate incidents.

A wave of bombings hit the capital and other cities as President Augusto Pinochet sent troops onto the streets to counter the opposition call for a 48-hour stoppage.

Soldiers wearing battle dress and camouflage paint guarded major road junctions to keep public transport running, but only a fraction of the city's bus fleet was on the streets during the morning rush hour.

Shops, factories and offices in Santiago generally opened as normal.

WORLD TRADE NEWS

Japanese group to build Y30bn Singapore plant

BY CHRIS SHERWELL IN SINGAPORE

Shihara Sangyo Kaisha of Japan, one of the world's largest producers of titanium dioxide pigments, is to invest Y30bn ($176m) in a new plant in Singapore.

The decision follows a study of several sites in South East Asia, the chemical group's most important market outside Japan. It wanted a new plant abroad in view of its global marketing strategy, expectations about demand and the recent strength of the yen.

Singapore was said to be selected because the island state's Government has recently taken several measures to reduce manufacturers' operating costs and has promised "full support" for the project.

The new plant will ultimately produce 72,000 tons a year of chloride processed titanium dioxide. This represents a major expansion for ISK, whose existing plants have a capacity of 120,000 tons a year producing both sulphate and chloride pigments for use in paints and inks.

The principal raw material, high grade titanium ore, will come from western Australia, where ISK has a shareholding in Westralian Sands. This company is constructing a plant to upgrade ilmenite ore and the plant is scheduled to come on stream next year.

The Singapore plant will be located in the Jurong industrial zone and built in two phases. The first, costing Y17bn, will create production capacity of 36,000 tons a year and is scheduled to be completed by mid-1989. The start-up date for the second phase will be decided later.

ISK's announcement is the latest in a series from Japanese companies expressing keen interest in investing in Singapore following the strengthening of the yen and Singapore's own investment incentives.

Last month Fujitsu said it would set up its first memory-chip assembly plant in South East Asia in Singapore. In May it was reported that Asahi Glass would manufacture colour television tubes. Matsushita would shift some more of its electronics production to Singapore and Yoshikawa Oil and Fat would build the world's largest wool-scouring plant.

● Pupuk Kujang, an Indonesian state-owned urea manufacturer in West Java, is looking for foreign partners for the establishment of two new plants to produce hydrogen peroxide and catalyst. **Michael Burns reports from Jakarta.**

Foreign companies involved in negotiations include Pegusa of West Germany, FMC and Dupont of the US, and Mitsubishi Gas Chemicals of Japan.

Leyland doubles bus sale to island state

BY OUR SINGAPORE CORRESPONDENT

SINGAPORE Bus Service (SBS), the island state's principal bus operator, is to buy a further 100 double-decker buses from Britain under a deal agreed with Leyland Bus and Walter Alexander.

The decision effectively doubles the value of SBS's order last December, when it agreed to spend some £9.4m on 100 Leyland Olympian bus chassis and 100 Walter Alexander bus bodies.

At that time the company was given an option on 100 more units, and this week it decided to take up the option.

For Leyland Bus the announcement is especially encouraging as its parent, BL, is currently trying to sell off the company. Apart from a Leyland Bus management consortium, the bidders include the Laird group, owners of Metro Cammell, and the Aveling Barford construction group.

Of SBS's 3,100 buses currently in operation, about 1,300 have been supplied by Leyland Bus. Mercedes Benz of West Germany has a similar share, with the remainder supplied by Volvo of Sweden.

Panavia offers Tornado to Jakarta

By John Murray Brown

PANAVIA, the European-based joint venture aircraft manufacturer, confirmed yesterday it was bidding to sell the Tornado fighter to Indonesia.

The move appears to throw open the competition to supply a new generation fighter aircraft to Indonesia which had looked to be won by the F16, built by General Dynamics of the US.

Gen Benny Murdani the Armed Forces chief, had given his personal backing to the US offer, which would make Indonesia's strike force compatible with that of its key regional allies Singapore and Thailand, which have already purchased the US jet. But following last week's International airshow in the capital Jakarta, Indonesia's official news agency Antara, reported that Panavia's Tornado was now under consideration.

France's Dassault with its Mirage 2000 is also out to win the contract likely to be worth more than $100m.

With falling prices for oil and gas, which account for 70 per cent of foreign exchange earnings, the high cost of the F16, at between $25m and $35m each, depending on training, technical assistance and spares provision, could become a decisive factor.

Dr Yusuf Habibie, the influential Minister of Research and Technology, is believed to favour the more cost-effective Tornado

French order for Boeing

UNION de Transports Aeriens, the French airline is ordering two advanced Boeing 747-400 Jumbo jets with a range of 8,000 miles, Reuter reports from Paris.

The new version of the aircraft which has not yet been built will be capable of flying from Paris to Singapore non-stop.

The total cost to UTA will be about $128m.

UTA, which flies to south-east Asia, the Pacific, Africa and the US west coast, operates four Boeing 747-300 aircraft

Caricom to set up $75m trade credit facility

BY CANUTE JAMES IN KINGSTON

THE Caribbean Economic Community is to set up a $75m (£49m) trade credit facility as part of its efforts to stimulate flagging trade within the 13-nation organisation.

The community's heads of government started their annual meeting in Georgetown, Guyana on Tuesday amid continuing concern over the community's failure to end a five-year slide in trade.

Officials reported that the trade facility would be made up of $15m in equity and $60m in loans.

The summit is debating whether the community should accept suggestions from its finance ministers to seek the loans from the European Community—through the European Development Fund, foreign governments and institutions such as the World Bank, or whether international commercial banks be used also as a source.

The equity for the credit facility is to be contributed by the members of the community, the Caribbean Development Bank and the regions private sector, including commercial banks.

The new facility will provide pre-shipment financing for a maximum of two years, and post-shipment for a maximum of five years. It will be used to cover most of the community's exports, except for more traditional products such as sugar and bananas.

When the scheme becomes effective in January 1987 it will also stimulate countertrade between members of the Caribbean community.

Officials from its Secretariat said yesterday that the heads of government were hoping that the facility would help to stem the decline in intra-community commerce which has forced many fledgling light industries to close.

It is being regarded as a replacement for the community's trade payments facility which has been defunct since 1983 when it reached its $100m credit ceiling.

Guyana still owes the facility US$98m and Jamaica has just cleared its debts of $2m.

Caribbean community officials have said, however, that even if the moribund facility's debts were cleared, it is unlikely that the scheme would be restarted.

The community has rejected proposals for a common unit of account for regional trade transactions, because frequent currency fluctuations by the group's six monetary authorities could make the unit ineffective.

The summit is also unlikely to consider feasible a unified rate of exchange against the US dollar for all members. Exchange rates within the community currently range between Jamaica's $5.5 to the US dollar to parity with the dollar in the Bahamas.

Government officials report, however, that the summit will agree to proposals for members to consult each other when currency rates are being changed.

The Community's traders have complained about the effects on commerce of Jamaica's 75 per cent and Trinidad and Tobago's 33½ per cent devaluation.

The summit, which ends on Friday, will also consider suggestions from the community's finance ministers that pre-devaluation rates of exchange be applied to community trade for a specific, though as yet undetermined period.

THE Caribbean Economic Community (Caricom) is to send a letter to Mr Brian Mulroney, the Prime Minister of Canada, saying it is unhappy with the structure and implementation of a new trade preference scheme for the region, and asking for an early review.

The community's heads of government at their annual meeting are to approve a draft of the letter to the Canadian leader, following criticisms of the trade scheme by regional government officials and businessmen.

The Canadian scheme, called Caribcan, becomes effective this month and offers Caricom members and other English-speaking states in the region duty free entry for 98 per cent (by catergory) of their exports to Canada.

The Caricom leaders are concerned that the one-way duty free trade facility is not applicable to all the community's imports, including products which are considered critical to Caribbean economies such as garments

The leaders are also to tell Mr Mulroney of their "dismay" that the criteria being demanded for duty free treatment is no more favourable than under the General Preferential Tariff and more onerous than demanded under the British preferential tariff.

Caricom leaders are also unhappy that Caribcan does not offer tax credits and other incentives to Canadian companies wanting to invest in the Caribbean.

India unveils subsidy package to boost exports

BY K. K. SHARMA IN NEW DELHI

INDIA has unveiled a new package of subsidies to boost exports. The scheme, launched earlier this week, will increase the subsidies on certain products from 5 per cent to 20 per cent.

Special consideration is to be given to products with strong export potential, those with a high element of value-added, high-technology goods and commodities packaged in India.

Under the scheme, described as "cash compensatory support," exporters will be repaid indirect taxes. It will run until March 1989 with the exception of textiles for which it will run until December 1988.

Thirty items will receive "cash compensatory support." Products have been put into eight major categories: engineering goods, chemical and allied products, plastic goods, agricultural products and processed food items, leather goods, sports goods, textiles and handicrafts and carpets.

Special consideration will be given to products with higher potential for exports and value-added products. High technology items and export of commodities in consumer packs under Indian brand names will get special assistance.

Banks will be encouraged to give export finance assistance by being compensated at a higher rate of 3 per cent by the reserve bank, double the present rate of 1.5 per cent.

India's trade gap is estimated to have risen to more than Rs 7.5bn (£470m) in 1985-86, partly because exports have actually fallen by 6 per cent over the previous year while imports have soared by more than 18 per cent.

Japanese smelters win deal to offset currency losses

BY YOKO SHIBATA IN JAPAN

SIX JAPANESE smelters are to buy copper ore from Montana Resources of the US under a contract designed to offset exchange losses caused by the yen's steep appreciation against the dollar.

The six smelters are Nippon Mining, Mitsubishi Metal, Mitsui Mining and Smelting, Sumitomo Metal Mining, Dowa Mining and Nittetsu Mining.

Such contracts are normally tied to London Metal Exchange rate prices minus smelting costs. But this dollar-based smelting cost results in a foreign exchange loss for Japanese smelters when the yen rises against the dollar. Japanese smelters are expected to suffer an exchange loss of Y1bn for each Y1 rise against the dollar in the exchange rate.

The 18-month contract defines an exchange rate upper bracket and smelting costs will be calculated at the upper or lower limit rate when the yen depreciates or appreciates beyond the bracket.

In the year ended March 1986, all of Japan's non-ferrous metal makers suffered sharp falls in profits mainly because of the yen's appreciation and a plunge in domestic copper prices.

● Mitsubishi Steel and Rockwell International will jointly produce springs, stabilisers and torsion bars for trucks and cars at facilities owned by Rockwell International in Canada, Mitsubishi Steel said yesterday.

The new company called, Rockwell International Suspension Systems, will be 60 per cent-owned by Rockwell International, 30 per cent owned by Mitsubishi Steel and 10 per cent owned by Mitsubishi Corporation. The new company will be capitalised at the equivalent of about Y5bn.

EEC and US hopeful of end to subsidy war

By Christian Tyler in Anapolis

AGRICULTURE ministers of the US and EEC Commission yesterday declared their confidence that international agreement can eventually be reached to end the export subsidy battle in world agricultral trade.

Mr Richard Lyng, US Secretary of Agriculture, and Mr Frans Andriessen, EEC vice president, agreed that the chaos in world markets and the huge cost of domestic farm support programmes on both sides of the Atlantic, made global negotiations in the General Agreement on Tariffs and Trade imperative.

Their faith in negotiations was clearly boosted by the success of overnight talks resulting in a truce in the latest US-EEC dispute caused by the accession of Spain and Portugal to the Community.

Speaking at a conference on Transatlantic trade relations in Anapolis, Maryland, Mr Lyng said the timing and framework provided by the proposed GATT round, due to be launched in September, were "ideal" for co-ordinated reform.

"I dread the consequences if we should fail to use the opportunity we now have," he said. "The chaos in markets would grow more severe, the wall of protection would climb higher and the level of retaliation more harmful."

He noted that farm support programmes this year would cost the US taxpayers more than in any previous year.

Mr Andriessen claimed there was a "good chance" of restoring order through the GATT. But he criticised what he called US ambiguity about setting new rules for trade in agriculture. He singled out the latest US export incentive programmes which are designed to win back lost markets for US farmers.

"I know it will be difficult politically to find solutions, and for us both to carry with us our farmers and their elected representatives."

Barker acquires Budgen supermarkets for £80m

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

BARKER and Dobson, the confectionery group, is buying the 148 Budgen supermarkets from Booker McConnell in a deal worth £80m.

The move, announced yesterday, follows the suspension of Barker's shares on Tuesday pending announcement of the acquisition.

The deal came as surprise to the City of London, which had been expecting a more modest acquisition from Mr John Fletcher, who took over as Barker's chairman and chief executive last year.

Barker is valued at about £47m, based on the suspended share price of 19.5. For the 12 months ended December 1985 it produced a pre-tax loss of £7.5m on sales of £53.1m.

This loss was mainly due to higher than expected losses from the Lewis Meeson retail newsagency chain, which Barker sold to Guinness last year for some £7.5m and subsequently had to repay £2.7m when the extent of the losses became known.

Mr Fletcher said yesterday that a "significant turnround has been achieved in the first half of this year." He forecast interim pre-tax profits for the half-year ending July to be not less than £400,000. In the first half last year, the equivalent trading activities produced a loss of £870,000.

Barker is financing the deal with a rights issue offering five new shares for every two old shares at 12p a share to raise about £69.9m.

Institutional shareholders, who hold about 9.1 per cent of the existing shares, have already agreed to take up their rights in full and the balance of the issue has been underwritten by Kleinwort Benson.

The remainder of the purchase price is being funded from a £10m medium-term bank loan.

The Budgen supermarkets are mainly small outlets based in the south-east of England. For the financial year ending December 1985, the stores had sales of £206.9m and reported pre-tax profits of £6.1m.

Mr Jonathan Taylor, Booker's managing director, said yesterday, "we realised we were not going to become one of the major supermarket retailers so we decided to move out of this sector and concentrate on our other activities."

Booker's main activities now cover food distribution, especially to the catering trade, agricultural products and health foods.

Mr Fletcher, a former managing director of the Asda superstores chain, plans to keep the Budgen name and to exploit the opportunities for food retailing identified by other retailers such as Mr Alec Monk's Dee Corporation

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Channel tunnel protestors warned

By Peter Riddell

PROTESTORS against the proposed Channel tunnel between England and France were given a warning yesterday that time-wasting would not be allowed to delay parliamentary consideration of the project.

This came as the deadline closed for depositing petitions against the Channel Tunnel Bill, with a total of 4,845 submissions to the House of Commons select committee set up under the procedure which applies to a hybrid bill affecting specific local interests.

Mr Alex Fletcher, the committee chairman, said yesterday that the aim was "to give petitioners with their own special interests a fair opportunity to present their case. But we could not condone a situation where a number of people wished only to reiterate points already argued before the committee, as that would tend to frustrate the will of parliament."

His warning was given both in view of the number of petitions and after his comments last week about the way that the petitions argued, to prevent a repetition of one opening speech which lasted an afternoon.

The select committee has no formal deadline but, since the bill has already received a Commons second reading, the MPs are working on the assumption that the measure should become law by next summer.

Mr Fletcher noted that some people not directly affected by the proposals had deposited petitions giving their personal views. He said, "Such people cannot reasonably expect to be heard."

The committee, he said, would ensure that the legitimate interests of those directly affected were given a fair hearing. He said this would be most sensibly done where a large number of people petitioning on similar matters were represented by a spokesman of their choice.

Mr Jonathan Aitken, a Tory MP for Kent and a leading critic of the bill, said yesterday that Mr Fletcher's warning had "the whiff of a scandalous headlong rush. All the petitioners want is fair play and a fair hearing. If they don't get it from the Commons select committee, then the courts and the House of Lords will be brought into the fight for simple justice."

Police seek armoured cars and gas to deal with rioters

BY ROBIN PAULEY

THE POLICE will have to be equipped with more specialised equipment and weapons, including armoured cars, plastic bullets and CS gas, to deal with the new level of violence which appeared in last year's London riots, according to a Metropolitan Police review of public order.

The review by a small group of Metropolitan Police officers was set up by Sir Kenneth Newman, Metropolitan Police Commissioner, after the riots in Brixton and Tottenham.

Although the review calls for tough new measures to quell riots, it also acknowledges some serious policing mistakes last year and notes that in the hour or so before the Tottenham riot last October "police might have forestalled the disorder by the immediate deployment of uniformed officers on the estate."

But the report also says the local police controllers thought the threat of disorder was receding and so decided not to implement a contingency plan. Some people might have considered sending in squads of uniformed police as provocative, it adds.

The result was "violence of an unprecedented scale" during which a policeman was murdered and 225 people were injured, including seven with gunshot wounds.

In the Brixton riot a month earlier a photographer was killed and 124 people were hurt, including 93 police officers.

Sir Kenneth said these "shocking and tragic riots gave London a horrifying glimpse of what happens when public order breaks down." The review, which found evidence of poor and confused communication and decision-making, has rejected the controversial idea of a third force of full-time riot control specialists but made a series of recommendations to improve planning and preparation for dealing with riots.

These include the use of plastic bullets as a realistic option in riots, keeping CB gas as an option when weather conditions were entirely favourable, and issuing long truncheons, primarily as a defensive weapon.

Sharp rise in gold, currency reserves

By Walter Ellis

A COMBINATION of the strong pound and continuing high interest rates helped to produce an increase of $291m in the underlying level of Britain's gold and currency reserves in June.

Last month's rise was the biggest of its kind since January 1981. There has been a rise in the underlying figure in each of the last six months, resulting in an aggregate improvement in the reserves total of $1.22bn. In May the underlying total moved up by $138m.

This cumulative improvement more than compensates for a decline of $940m during the final quarter of 1985, when sterling was last under serious pressure on the foreign exchange markets.

The sharpness of the June rise took the markets by surprise. The fact that sterling has remained steady against both the dollar and the D-Mark in June had led most forecasters to expect an improvement of between $100m and $200m. Some had expected no change.

Treasury officials were aware of no special factors operating in June that might have led to the surge. They preferred to see the increase as merely the strengthening of a trend that has gone on since January.

The underlying level of reserves – calculated net of new borrowings and repayments – normally falls when the Bank of England is having to intervene at unusual levels to defend sterling. This has not been the case for six months. The fact that UK interest rates remain high relative to those of most other countries helps to keep the pound steady and is an additional boost to reserves.

Mr Nigel Lawson, the Chancellor of the Exchequer, said last month that the steady increase in UK reserves this year, in the face of the collapse in world oil prices, demonstrated market confidence in sterling. The Treasury was keen to reinforce this view yesterday.

The underlying change in the reserves is the result of a variety of transactions, both debits and credits, including transactions for government departments and with other central banks, and interest receipts and payments. Even the costs of the British Army on the Rhine are included, since these are met out of D-Mark holdings.

School work training to expand

BY ALAN PIKE, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT yesterday took a decisive step towards developing Britain's secondary education system along more practical lines with a White Paper (policy statement) announcing "one of the most significant broadenings of the school curriculum this century."

The experimental Technical and Vocational Education Initiative (TVET), which is designed to give people aged between 14 and 18 a more successful preparation for working life, is to be extended to all schools and colleges from next year.

The White Paper says that the growth of TVEI and other educational changes initated by the Goverment will "tackle head-on criticism that the school curriculum has been too academic and too little concerned with practical applications of knowledge."

A reform of the structure of vocational qualifications, designed to produce a system more easily understood by employers, parents and young people, has also been approved by the Government.

Mr Oscar de Ville, an industrialist with wide experience of training matters who is deputy chairman of Meyer international, will chair a new National Council for Vocational Qualifications to be set up in the autumn. All vocational qualifications will eventually come within a national framework adminstered by the council.

Lord Young, Employment Secretary, said that TVEI had enriched the school curriculum and opened up opportunities for young people of all abilities to see how school could be made more relevant to adult and working life.

The Government intends to provide an average of £90m a year over the next 10 years to enable local education authorities to make TVEI courses an option in all secondary schools. But although there is considerable support in the education service for TVEI – which offers young people work experience and access to specially-developed, practical courses – the new funding proposals may prove controversial.

Unit to study state-funded research

BY DAVID FISHLOCK, SCIENCE EDITOR

A NEW Cabinet Office unit headed by an under-secretary is to be set up to evaluate the economic value of research and development programmes which are funded by the Government.

The idea is that a professional group of five to ten staff shall make an independent assessment of the economic return to be expected from any Government-funded research and development.

The government, including the nationalised industries, spent about £4.7bn on R and D last year. It has become increasingly worried by the poor correlation between this investment and economic success.

The Science and Technology Assessment Office will report to Mr John Fairclough, the engineer seconded by IBM (UK) to succeed Sir Robin Nicholson as the Government's chief scientific adviser.

Mr Fairclough disclosed to the House of Lords select committee on science and technology yesterday a plan initiated by Sir Robin last autumn, to reinforce the science secretariat of the Cabinet Office.

The annual report on Government research and development expenditure, relaunched by Sir Robin in the early-1980s, helped to heighten government concern, by emphasising the lack of correlation.

The Government's Advisory Council for Applied Research and Development (Acard), under the chairmanship of Sir Francis Tombs, Rolls-Royce's chairman, provides confidential advice to the Prime Minister and other ministers. But it is part-time, with limited resources and unable to analyse situations in the detail needed.

The new science and technology assessment office will complement the activities of Acard by doing most of the analysis of data gathered by Acard.

The Cabinet Office is already trawling for a head for the new unit, at a salary in the region of £35,000 a year.

BAe jet prototype crashes

BRITISH Aerospace (BAe) suffered a severe setback in its worldwide campaign to market its new Hawk 200 fighter aircraft yesterday when the only prototype crashed, killing the pilot, Michael Donne writes.

A demonstration of the single-seater light tactical fighter, due to be held today to open a sales campaign in the run-up to the Farnborough international air show in September, has been cancelled.

BAe will not have a Hawk 200 available for demonstration at Farnborough. The group had been planning to make the aircraft one of its main attractions at the show, which will be attended by many thousands of foreign military observers.

The Hawk 200 is a derivative of the Hawk two-seater trainer and light combat aircraft, which is in service with the RAF and several overseas air forces. The Hawk is used by the RAF Red Arrows aerobatic team.

An investigation was under way late yesterday to determine the cause of the accident. Preliminary reports indicate that the pilot, who was preparing for today's demonstration at Dunsfold airfield in Surrey, failed to pull out of a low-level manoeuvre.

□ THE CHANNEL tunnel could turn the Clyde into the European gateway for North American sea trade, according to Mr John Davidson, director of the Confederation of British Industry in Scotland. He said the deep, sheltered water container port, and bulk handling facilities were 36 hours closer to North America than European mainland ports.

Mr Davidson dubbed a clyde gateway filtering trade down through the tunnel as "Eurowestport." It would change the West of Scotland from a point on the edge of Europe to a key location on international trade routes and help fill the gap left by the declining shipbuilding, engineering and other traditional industries.

□ BRITISH AIRWAYS is convinced that all its 32 Boeing 747 Jumbo jets are safe, despite new safety checks for fatigue cracks ordered on the nose frames of 747s by the US Federal Aviation Administration and endorsed by the UK Civil Aviation Authority.

BA said that "the more stringent checks called for by the FAA have already been introduced by British Airways, and are being continued as part of our routine procedure. We are quite satisfied that all our aircraft are completely safe."

□ BRITISH GAS could have difficulties in obtaining adequate supplies from the UK sector of the North Sea in about 10 years time, if the oil price remains depressed, a senior executive of the corporation said.

Mr James Allcock, director of petroleum purchasing, said that additional supplies might have to be imported. He told the British Institute of Energy Economists that the contract to buy gas from the Norwegian Sleipner field, vetoed by the Government last year, "may yet be sadly missed".

□ A RECORD £191m will be spent by companies on sponsorship events in the UK this year. That is 14 per cent up on last year's spending of £167m and more than five times the £35m spent in 1980. Sports will take more than £140m this year, the remainder going to arts and other sponsored events, according to Mintel Publicatons, a leading market research analyst.

□ BRITISH RAIL'S south-east network is to be investigated by the Monopolies and Mergers Commission as part of the programme of public sector efficiency audits. It will also look at the British Waterways Board and part of the Central Electricity Generating Board.

□ SPENDING by UK holidaymakers on package holidays by charter flights this year is expected to amount to more than £2.4bn, a rise of 13.54 per cent on the £2.12bn spent last year.

Tory unit to monitor alleged media bias

BY PETER RIDDELL, POLITICAL EDITOR

MR NORMAN TEBBIT, the Conservative Party chairman, has set up a special unit within Conservative Central Office to monitor the media.

The move, announced under the banner headline "Campaign Against Bias," in the party's propaganda paper, Conservative Newsline, is primarily aimed at the broadcasting authorities. It is accompanied by advice to party activists on how to complain with a list of telephone numbers of television companies and of right to reply facilities.

The decision reflects the increasing concern felt by Mr Tebbit and some of his senior colleagues about alleged bias, primarily in the BBC, which has led to more frequent protests to senior officials of the corporation.

This represents a marked escalation in the long-standing conflict between the political parties and broadcasters.

The only recent comparable move has been the legal action taken by leaders of the SDP/Liberal Alliance against the BBC over the allocation of time to the various parties in news programmes. Dr David Owen, the SDP leader, brought an unsuccessful case in January, 1985, and both he and Mr David Steel, the Liberal leader, are challenging the BBC in the High Court in 10 days' time.

The Tories' decision to set up a monitoring system, with the staff to run it, was taken recently at a meeting chaired by Mr Tebbit.

As a priority there will be routine monitoring of the regular news programmes on radio and television and selected current affairs programmes. It is then intended that feature programmes and regular series will be watched. The advice of professional broadcasters is being taken on the basis of the monitoring.

Mr Michael Dobbs, chief of staff to Mr Tebbit, who is on secondment from advertisers Saatchi and Saatchi, emphasised that the object of the operation was "not simply to whinge about certain programmes, but actually to find ways in which we can help those in the media to ensure that our views get across more effectively."

Minister rejects EEC controls on television

BY RAYMOND SNODDY

THE BRITISH Government has come down firmly against the creation of an EEC legislative framework for the regulation of cross-frontier television.

Mr Giles Shaw, Home Office Minister responsible for broadcasting, said yesterday the Government did not believe that a case for Community legislation had been made out.

"Any problems that exist, in our view, are best dealt with on the basis of common voluntary agreement rather than central legislative direction in Europe," he said.

The Commission has produced a draft directive to ensure the free flow of television programmes and the stimulation of European production and it would like legislation to be adopted in 1987.

A House of Lords select committee has already been hostile to the contents of the green paper (consultative document) which preceded the draft directive, and the Government has been critical in general. But Mr Shaw's speech yesterday was the clearest statement of government policy so far.

Mr Shaw was speaking at a conference on the issue organised by the Institute of European Trade and Technology, a non-profit making organisation which helps companies to compete successfully in Europe.

He said there was still a case for common agreement on some form of international framework, "but common agreement is best reached voluntarily and not by legislation."

There was a need for a policy on the proportion of European programmes and independent productions on Europe's television services.

The Government he said, did not support the promulgation of centrally legislated quotas for EEC programming – as the draft directive advocates – nor did it support a regulatory regime for television advertising in Europe which would impose more restrictions on the UK independent television companies and cable programme providers than they now faced.

"It would in our view be wrong to negotiate a system of regulation within the Community that might make more difficult the interchange of programme services between Denmark and Sweden, Germany and Austria, and France and Switzerland," Mr Shaw said.

● BBC Television has gained more than 2m potential viewers with the inauguration of a service which will simultaneously relay the signals of the BBC1 and BBC2 channels over Dutch cable television networks.

The service will be available at first to cable subscribers in the Hague, Rotterdam and Utrecht

Oil 'must fall further to oust rival fuels'

BY MAURICE SAMUELSON

FURTHER steep and durable falls in the price of oil will have to take place in order to displace nuclear power and coal as the main fuels in power stations, according to Mr Michael Parker, senior economist of Britain's National Coal Board.

Crude oil, currently costing about $10 a barrel, would have to drop to $3 or $4 a barrel to restrict operations at Britain's modern Advanced Gas-Cooled Reactor nuclear stations. Coal burning, too, would only be at risk if oil prices fell below their present levels for a long period, he told a London economists' conference on the future of North Sea oil and gas.

Since 1973, the main Western industrialised countries had halved their consumption of fuel oil, equivalent to some 5.5m barrels a day. Nearly half that reduction was caused by competition from steam, coal or nuclear power, and the rest by greater use of natural gas, conservation and industrial restructuring.

But although oil prices were now falling back towards their pre-1973 levels, Mr Parker claimed that in economic terms the displacement of actual or potential fuel oil markets by nuclear power was "irreversible."

There was the equivalent of a further 3m barrels of oil a day of new nuclear capacity in the pipeline among members of the Organisation of Economic Co operation and Development (OECD).

Even if the Chernobyl disaster led to cancellation of some nuclear stations under construction, by the early 1990s nuclear generation would still be "significantly higher" than today.

Although coal was less secure against economic competition from oil, Mr Parker doubted whether the OECD countries would realise their full potential to raise their power station oil burn by 200m tonnes a year.

In the US, where the delivered price of steam coal last year averaged around $35 a tonne, oil prices would have to fall towards $10 a barrel to have a significant effect.

In Western Europe, more than 100m tonnes of coal business could be threatened by by oil. But government policies in Britain and West Germany, the continent's main coal producers, were helping to maintain coal as the main power station fuel.

● The UK electricity supply industry was yesterday accused of thwarting the Government's 1983 Energy Act which was designed to facilitate the use of the national grid to carry privately generated electricity.

Christopher Parkes on the latest trends in electrical goods

Appeal of microwave ovens may be fading

THE APPEAL of the microwave oven – the product which has led the recent resurgence in UK electrical appliance retailing – may be fading. Although sales are still rising, the rate of growth is slowing markedly, according to a report from AGB, the market research company.

Its latest studies show that by March this year the year-on-year growth in sales had slipped to 42 per cent, compared with 90 per cent in 1985. AGB suggests this could mean the market is maturing and may peak in the next 12 to 18 months.

About 20 per cent of British homes own a microwave, against 42 per cent in the US, 40 per cent in Japan and around 2 to 3 per cent in France and West Germany.

However Mr John Ramsbottom, AGB director, still lists the microwave as one of his personal "products of the year" – along with the compact disc player and the fashion telephone.

AGB points to two signs usually associated with maturing markets in consumer durables:

● The spread of prices is growing wider as the 30-odd manufacturers selling in the UK strive to broaden the appeal of the product away from its early concentration among higher earners. The range now extends from £99 to more than £400. Average prices have also fallen by about 11 per cent over the past to £207.

● Retail chains such as Dixons and Currys are now selling models under their own labels. AGB estimates that these house brands, which stood nowhere in the ranking a year ago, now account for 6 per cent of the market.

A parellel survey of consumer attitudes gives some indication of future opportunities for extending the market. Asked what sort of microwave they would choose as a replacement for their existing model, 42 per cent of the sample said they would like a "microventional" – a microwave combined with a conventional floor-standing cooker.

Just over 20 per cent wanted a surface-top machine which could also work as a conventional electric oven, 22 per cent preferred a standard tabletop microwave, and 13 per cent a model built into a kitchen cabinet.

However there is probably still room for considerable growth in the existing standard-model market. Some of the recent slackening may simply be due to competition for household expenditure from other consumer durables.

Other figures from the AGB databank indicate that electrical goods are enjoying an unseasonable boom. Sales of all major appliances are rising strongly, led by combined washer-dryers, dishwashers, vacuum cleaners and microwaves.

British manufacturers are, for once, taking advantage of the market growth. Although the microwave trade is dominated by the Japanese – Sharp and Toshiba are market leaders – the UK industry has responded promptly to signs of renewed growth in other sectors. Hotpoint, the GEC subsidiary, is showing particularly strongly in the washer-dryer trade.

The trade in consumer electronics is rising in step with white goods. Audio systems, small screen colour TVs, personal audios and video cassette recorders are all selling at rates above last year.

Compact disc players are estimated to have accounted for 10 per cent of all home audio trade in April. Sales of video recorders have been given a lift of price reductions of about £50 over the past 6 months. A top-class machine can now be had for less than £300.

Small appliances are moving less quickly now that the traditional Christmas peak selling season is past, although there are some bright spots. Blenders and liquidisers, for example, appear to be back in favour as the market for costly all-purpose food processors has tailed off.

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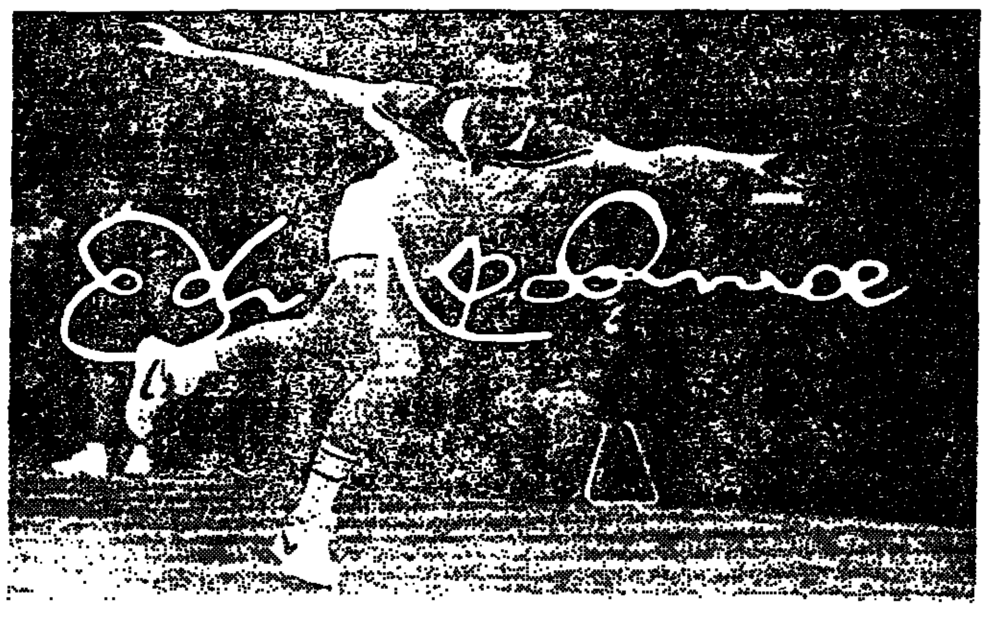
MANAGEMENT: Marketing and Advertising

EDITED BY CHRISTOPHER LORENZ

Sponsorship

The booming big name game

Andrew Taylor examines the growth of commercial links between sports stars and equipment manufacturers



WHEN BORIS BECKER raised his arms in triumph as Wimbledon mens' singles champion last July he signalled an unprecedented boom in tennis equipment sales in West Germany and made himself one of the hottest properties in sport.

So much so that Puma, the West German sportswear and equipment group, is understood to have just agreed a $25m deal under which Becker has promised to use the company's rackets, clothes and shoes at tournaments for the next six years.

Sponsorship of top sports men and women by international manufacturers and suppliers like Puma, Adidas and Dunlop Slazenger is big business and is highly competitive.

The British Sports and Allied Industries Federation estimates sales of sports equipment and sportswear in Britain, alone, was around £850m last year.

In addition there are fashion sales—shoes and clothing worn by people who may never take part in the sport concerned: cruelly described as "the posers' market" by one British manufacturer.

The groups claim the large sums paid to stars pay off in the form of enhanced image and product awareness. Specific promotions and endorsements by top stars, they say, have boosted sales considerably.

World sales of Dunlop's new carbon fibre MAX 200 G tennis racket, for example, jumped from around 30,000 rackets a year to 180,000 after John McEnroe started promoting the racket.

McEnroe is reputed to earn up to $3m a year from racket, footwear and clothing endorsements.

In West Germany, the effect on tennis sales of Becker's success, and that of equally young stars like Steffi Graf, has been startling.

Dunlop say that sales of tennis balls in West Germany, previously a dull market in which it claims a 70 per cent share, have risen by 10 per cent since Becker became the youngest ever Wimbledon mens' singles champion.

"Courts have been almost impossible to book and sales of rackets have also risen although the biggest winner here has been Puma," says Dunlop.

Until 1983 Puma did not even sell tennis rackets. It is now recognised as the largest seller of rackets in Germany, claiming around 30 per cent of the market.

However, the benefits of paying individuals or teams to use a company's products are not always immediately obvious.

John Boulter, the former British 800 metres runner and a director of Adidas, says the group is paying sports stars to advertise its products in the same way that Coca Cola advertises its products on television.

"Coca Cola does not expect to see a sudden surge in sales after an advertisement has appeared on television. Neither do we necessarily expect to experience an immediate gain just because someone has won an important event using Adidas equipment," says Boulter.

"It's all about maintaining public confidence in your products and it is important that they are consistently on view at the highest level."

Adidas, amid some controversy, has supplied the soccer balls and the referees' and linesmens' kits for the World Cup in Mexico. It has also supplied kit to 13 of the teams including the West German side, the losers in last Sunday's final.

Boulter partially attributes the company's successful break-through into international markets to the reputation it gained by supplying a revolutionary new soccer boot, with a screw-in stud, to the West German team which beat Hungary 3-2 in the 1954 World Cup final in Switzerland.

Companies will pay players for just wearing their products in matches, but much bigger fees are paid if players actually use their name to endorse and advertise the product.

Members of the England soccer team have received payments of between £5,000 and £10,000 a year just for wearing the boots of one manufacturer, and a first division player has received annual payments and royalties up to £40,000 for endorsing a range of the same manufacturer's products.

Players like Maradona of Argentina, Zico of Brazil and Platini of France can earn considerably more.

The endorsement of products by key players like Kenny Dalglish, the Liverpool player-manager, can mean a major boost in sales for companies like Adidas, Puma and Mitre, the British soccer and sports equipment manufacturer.

"We recently introduced a new soccer ball with Kenny Dalglish's name on it and have sold around 50,000. Without the Dalglish name it might not have sold 10,000," says Mr Brian Waters, managing director of Puma UK.

"On another occasion we had a range of shin pads which were selling adequately. With marginal improvements, different packaging and the Dalglish endorsement we sold 10 times as many—despite a 10 per cent increase in price."

Success on the sports field, particularly in front of the television cameras, is a powerful force for sales. Umbro, which supplied the English and Scottish World Cup teams, says the day after England beat Paraguay 3-0, it had to make urgent arrangements to get extra English jerseys to retailers to meet the sudden upsurge in demand.

Puma also plans to introduce the Maradona boot into Britain following the Argentinian's charismatic performance in the World Cup, seen by millions on television.

A 25 per cent increase in hockey equipment sales by Slazenger, following the English hockey team's bronze medal success in the 1984 Olympics, further illustrates how television coverage of sport, particularly when it involves local success, can boost sales overnight.

Golf is another sport where large sums are paid by equipment and clothing manufacturers to persuade players to promote products.

Stephen Proctor, managing director of Sports Marketing Surveys, a sports equipment research company, says that sales of Slazenger golf clubs rose by around 40 per cent after Severiano Ballesteros promoted the company's Supremo range of clubs.

"When Jack Nicklaus this year won the US Masters, his company, MacGregor, was launching a new putter. Nicklaus used the putter during the championship. The day after he won the Masters there were around 4,000 stockists on the phone wanting to buy the putter."

Sports Marketing Surveys provides manufacturers with a detailed list of who is wearing what and who is using which products at golf tournaments and also at Wimbledon—even down to the socks, says Stephen Proctor.

Cricket equipment manufacturers also use star names to sponsor products but Stuart Surridge, son of the famous Surrey cricket captain and director of the company of the same name says that recent poor performances by England test players (he did not say whether he meant on or off the field) have proved less important than the effect of the weather on sales and the reduction in the amount of cricket played at state schools.

Manufacturers are also worried about the possibility of economic sanctions being imposed on South Africa. Surridge Exports to South Africa represent about 20 per cent of Surridge's sales, for example.

Sports manufacturers do not mention their failures: players who were paid large sums and then drifted into obscurity. But then it probably does not work that way . . . It is the established stars who get the large sums and their endorsement continues to have an impact even after they have stopped winning major titles. Borg and McEnroe are still important names even though Borg retired several years ago and McEnroe has been out of the limelight recently as he rests between engagements.

Softly softly into China

Feona McEwan investigates the potential of the world's largest untapped advertising market

OFFER the man in the street in China a Porsche or a Toyota car, a Rolex or a Rado watch and he'll probably jump for the Toyota and the Rado. The chances are he's never heard of the others. Advertising and other promotional activities have seen to it that Toyota and Rado are familiar names. The others are meaningless foreign words.

Advertising in China — an infant industry sitting on a giant market — is proving a salutory experience, particularly for the world's big brands. Breaking into what was until about seven years ago a closed market means the multinationals have had to go back to basics — establishing their credentials, their company name and brand names from scratch. And that goes for IBM, Sony and Kodak too.

China is a tantalising nation for the marketeer. A potential 1.2bn consumers (more than the US and Europe combined), some 65m television sets, plentiful advertising-hungry media and an audience starved of foreign choice, makes in theory for a ripe harvest. Plenty of adventuring companies stormed the country in the late 1970s in the rush of post-bamboo curtain euphoria—"looking for the fast buck" as one adman put it.

They found it was not that easy. Individual consumers' incomes are low; decision making within China on foreign trade is decentralised, making import and export movements complex; and though the Chinese are proving enthusiastic consumers and are said to be among the most brand conscious anywhere, there is an unease about untried newcomers. Trust has to be earned.

The Japanese, with ten years' experience in the country, understand this better than most. "They've shown us all how to handle China," says Harry Reid, regional director of south-east Asia for Ogilvy and Mather, the international advertising agency.

The softly, softly approach appears to work best. In the beginning, the Japanese took up corporate advertising. Sanyo, Sony and Hitachi were all visible on television long before their products were available in the shops. Establishing the name, whetting the appetite, stimulating demand. Investment first, distribution later. Many multinationals are following suit.

Once the idea catches on, though, it can be hard to keep up with demand. "Advertising really does work in China," Reid says. "People are very influenced by it . . . and there is enormous curiosity about new products."

General Foods is finding that in the land of tea, coffee is all the rage—especially among the young aspiring set. Launched a year ago, "success is beyond expectations, they can barely keep up with demand," says O and M.

For a country that actively discouraged advertising until about eight years ago, China is now keen to learn the tricks of the trade. "The Chinese government is very positive about advertising now," comments Jim Bell, chairman of S. S. C. & B. Lintas in Hong Kong, "recognising that at its most basic level it works to disseminate information between industry and its users."

Sketchy

There is no central source of statistical information for the ad industry, so figures are sketchy. South Magazine, a specialist Third World publication, estimates that totals have grown 50 per cent year on year since 1979, with a total spend of some $150m last year. Jim Bell, however, estimates that local advertising (that is by Chinese companies inside the country) is around $200m with foreign ad expenditure about $22m.

Principal products advertised in China today are consumer goods, high technology products, agricultural chemicals, machinery and medicines. Major foreign advertisers include Boeing, Kodak, Sony Minolta, Rado, Philips and Pepsi.

Creative standards vary enormously from the crudely gauche to the gently stylish. It is not uncommon to find in the same commercial break on television a classy lifestyle ad for coffee, next to a local watch brand using special effects borrowed from Japan but made in China, next to a local, rather disjointed and crude cosmetic ad, followed by a heavy engineering ad for ball bearings.

Tony Perone, former director of creative services with SSC & B Lintas in Hong Kong, defines much of the creative work in China as functional: "Here it is, this is what it looks like, this is what it costs . . . or else it's lifestyle with Chinese faces. . . ."

He recalls a particular success in 1983 with an ad for Remy Martin cognac on television which had the television crews queuing before the monitor. It showed a Kung fu master demonstrating various postures, allegory-fashion, ending up on a brandy-related note. "It was great success," he says. "They had never seen their experiences reported that way before."

You have to remember, too, he says, that although there maybe an audience of 400m people at prime time "only a tiny fraction are buyers."

There are 260 advertising corporations in China, though not in the mould of their European, Japanese or American counterparts; many specialise in signpainting or packaging, for instance, though larger agencies are beginning to structure themselves along familiar lines.

The canny ones have made links with established Chinese corporations, notably O&M which opens its office in Beijing next month, in association with the Beijing Advertising Corporation and McCann-Erickson which with the Hong Kong-based Jardine company runs Interpublic Jardine

Both American agencies were among the earliest foreign advertising agencies in China. More recently, the giant Japanese agency Dentsu has joined with Young & Rubicam (Dentsu Y&R) in a link-up with the Chinese International Advertising

With some 50 television stations — local and national — 1,300 newspapers, 3,000 periodicals to choose from newcomers need local help through the media maze. Unlike the Western media radio in China is a prime medium, reaching nearly 100 per cent, it is said, of the population

A major sign of China's intention to get to grips with advertising and marketing is the news of a government-backed international advertising congress to be staged in Beijing next year. Premier Zhao Ziyang has given the affair his blessing.

Though it will not happen until June of 1987, it is already being claimed as "the advertising and marketing event of the decade" in ads in the international press. The congress is jointly sponsored by the China National Advertising Association for Foreign Economic Relations and Trade together with South Magazine. For four days some 1,500 delegates (500 from China) will gather in the Great Hall of the People and talk marketing.

TECHNOLOGY: Computing

BY ALAN CANE

Critics said relational software could not run effectively. It does and it is taking the data processing world by storm

Costs will be high for those who miss the boat

A SOFTWARE system which many believed could never be a commercial proposition is now taking the data processing world by storm, shaking established companies, allowing newcomers a foothold in the data centres—and threatening to give IBM yet another chance to reinforce its dominance of systems software world-wide.

The system, a method of arranging information in a computer memory so that it can be retrieved in way the user desires, is called "relational database technology."

Only a few years ago critics were saying that such software could not run efficiently. Even if a relational database could be built, they argued, real programmers would never use the novel languages needed to operate the system.

Yet today, specialists in relational technology, like Mr Andrew Wright of Computer Associates, say it is vital that companies start to use these novel techniques now if they are to contain their data processing costs.

"Relational databases are simpler to use than conventional models," he explains, "but programmers have to learn new ways of writing applications software."

"The earlier they start, the more money will be saved. But software costs are growing so massively that companies which fail to adopt relational technology may find they cannot meet their programming bills within two to three years."

The move to the relational database has taken place with surprising suddenness. IBM was known to be working on a relational model known as "System R" at its research division in San Jose, California, through the late 1970s and early 1980s. Now it is telling data centre management that its "DB2" product, which grew out of that research, is the way of the future.

It is still less than perfect, but that is not unusual for IBM systems software and it has already had a severe effect on its major competition.

Cullinet, the US-based developer of a good but conventional database management system, IDMS, which enjoyed great success through the late 1970s and early 1980s, was toppled from its position at the top of the table of US independent software vendors, when it failed to match IBM's initiative.

It launched a product, IDMS/R, which looked like a relational database from the user's viewpoint, but lacked features that many consider essential to a true relational product.

According to Curt Monash of New York brokers Paine Webber: "In 1985, when finally shipped, the trade press decided it did not work very well, and Cullinet's sales slowed."

IBM also seems to have established the special language it uses to ask questions of its DB2 product—SQL or Standard Query Language—as the industry standard. Mr Monash argues: "For a database management system to be modern and relational, it must support the SQL data manipulation language."

Earlier this year, IBM signed a deal with a small Seattle-based company, Cosmos, to sell its Revelation database software on the more powerful IBM personal computers. Revelation is claimed to be a true relational database writ small.

But if IBM seems certain to have set the standard with SQL for the human interface to relational databases, it has no monopoly on relational systems. Other articles on this page describe some of the most recent developments in this emerging technology.

What it does and how it works

THE SALES director wants to know how many of his sales team are under their quota and overspent on their expenses. The personnel director wants to know how many staff over 60 years of age may have reason to take early retirement. The treasurer needs information about the financial performance of different sectors of the company in relation to capital investment.

All of these queries are very simple to answer using a relational database, but much more complicated using any of the more traditional models such as the hierarchical systems common in the 1960s. These required users to "navigate" their way through a chain of records, one at a time to find the necessary information.

Networked databases, introduced, in the 1970s were a little quicker. Each record had a software "pointer" built-in indicating all the related records in a file.

Complexities set in when the database had to be changed, however, as the pointers had to be reset.

Neither hierarchical nor networked databases could be used easily by non-programmers, without the aid of the data processing department. As Professor Eugene Wong of Relational Technology puts it: "the expertise required for programming data access is great, and even for experienced programmers, productivity is relatively low."

In the late 1960s Mr E. F. (Ted) Codd laid the theoretical foundations of the relational database.

He proposed a simple, single data structure coupled to powerful mathematical techniques which could be used to express the relationships between the various pieces of information held in the database.

The key was a simple way to gain access to the data by asking questions rather than writing programs. All the information was presented to the user as a series of tables—the user specified what was to be done not how to do it.

Realtional ideas caught on slowly but grew in popularity as it was shown they were not only valid, but superior to conventional database management systems.

IBM set the seal of approval with its launch of DB2. Now the list includes Relational Technology with Ingres, Computer Associates with Universe, Oracle's Oracle, and Cincom's Supra.

Salesmen and scientist. The men behind Relational Technology's Ingres software: (left to right) Nicholas Birtles, European managing director, Gary Morgenthaler, president, and Prof Michael Stonebraker, consultant vice president

The flood of information that stimulated a database ferment

IBM's San Jose, California, laboratory, where System R was developed, looms large in the mythology of relational database development. So does the University of California at Berkeley.

It was there in 1973 that a team of academics under Professor Michael Stonebraker and Professor Eugene Wong set out to construct a working relational database along the lines set out by Mr Ted Codd.

Both San Jose and Berkeley published much of their research findings. The flood of information released into the public domain directly stimulated the development of at least three US manufactured commercial relational databases.

First was Oracle, a database developed around the principles of System R. The Oracle corporation was offering SQL as its language for data query, data manipulation, data definition and data control in 1979, several years before IBM committed itself to relational methods as its technology of choice for database.

There are now some 300 Oracle licences current in the UK, spread over some 170 customers.

The Berkeley work gave rise to two systems, Ingres, developed and marketed by Relational Technology Incorporated (RTI) and Universe, offered by Computer Associates.

Universe was designed from the beginning for the IBM mainframe environment; Ingres was developed to run on superminicomputers of the Digital Equipment VAX variety. Now RTI has developed a version of Ingres to run under IBM's VM operating system and plans to launch an MVS version next year.

RTI and Computer Associates both have impressive UK customer lists for their products. RTI claims BP, the Ministry of Defence, British Telecom, GEC and looks like becoming the standard for pensions administration in the Health Service.

Computer Associates has Gresham Life, British Telecom, British Aerospace, J. Walter Thompson and several local authorities.

RTI claims to have won the race to have developed the first truly relational distributed database system with its Ingres Star product. This simply means that where a company's files are split up over a number of different computer systems, it should be possible to ask the database management system to assemble all the information to answer a specific query without the need for the user to know where any of the information is held. Ingres Star is now on test with Boeing in the US.

Ingres Star comprises therefore a database manager, a data dictionary which knows what every item of data is and where it can be found, and a query optimiser, a very smart piece of software which works out the best way to gather together all the information needed to answer any specific query.

The development of such complex software is not cheap. Mr Andrew Wright of Computer Associates reckons that "tens of millions" of dollars went into converting the raw information out of Berkeley into Universe.

Both RTI and Computer Associate benefitted immensely from all the Berkeley research data that came their way free.

Others were not so lucky. Logica of the UK had a successful relational database package called Rapport. Earlier this year, it decided against further development. It would have meant rewriting every one of 500,000 lines of computer language at a cost of up to £4m and Logica felt the market was too crowded and competitive to make the investment a good risk.

Applications with a relational flavour

MCCORMACK & DODGE, a Natick Mass.-based computer software company with a reputation for developing high quality software and letting off steam in exuberant ways, is having a good year.

Turnover and profits are both up 26 per cent on 1984, according to Mr Frank Dodge, its founder and president, in a year when other companies are suffering from a notoriously slow market.

The company writes and markets applications software for, chiefly, IBM computers, programs designed to carry out specific functions like general ledger, accounts receivable and purchase order.

Two years ago, it revamped its product offerings, introducing a completely new series of on-line, real-time applications software packages.

The key to the entire series is software which M&D calls Millenium. It is, to all intents and purposes, a four-generation language, software designed to make it possible for the programmer to generate complex computer code from simple English-like commands.

An essential part of Millenium is a relational database. David Jordan, M&D's technical director in the UK explains that in earlier applications packages, the software author had to build in the kind of queries he or she expected the user to demand of the data.

So the customer was limited to these "industry standard" queries.

Using Millenium, the customer not only has industry standard queries built-in, but can generate new queries of his or her own choosing.

Mr Dodge believes that Millenium is the key to the company's new competitiveness in a market which according to the authoritative US publication Software News is: "Probably the most overly competitive in mainframe software, characterised last year by declining growth rates, deep price cutting and exaggerated seasonality brought on by client delays to force ever deeper discounting."

It is now firmly committed to relational methods. It recently hired as software development director Mr John Birch who worked at IBM with the originators of relational database techniques, Mr Tedd Codd and Mr Christopher Date.

In addition to this eepertise, Mr Dodge says that he expects Mr Birch to introduce formal methods of program development to the company, including software methodologies and testing tools and techniques.

Mr Frank Dodge, founder and president of McCormack & Dodge

M&D in the UK is rewriting its packages to run on ICL machines. Mr Jordan says that Millenium vastly improves the conversion rate: "We can have an ICL version working in one day rather than six months."

Mr Dodge is nothing if not a realist and he is well aware of the massive power of IBM in the market now that it is really putting full effort behind DB2. He is insistent that the company should ensure that its applications pro- with the IBM database.

Last year it signed agreements to ensure that its Mil- successfully on a relational database provided by the US systems software company ADR.

هكذا من الأصل

Giacinto Scelsi/Almeida

Max Loppert

Two Italian composers noted as individualists on the contemporary music scene, outside tradition and without notable following, are featured in this year's Almeida Festival. They are Sylvano Bussotti (who receives a two-concert showcase on Saturday, penultimate day of the festival) and the octogenarian Giacinto Scelsi.

In recent MusICA series there have been Scelsi performances in which clues were dropped about his particular musical personality and preoccupations; nevertheless, Tuesday's two consecutive concerts — chamber music in the first (played by the pianist Yvar Mikhashoff and the Arditti Quartet), larger ensemble pieces in the second (given by Music Projects/London under Richard Bernas) — amounted to the fullest survey of this composer's work that London has yet been offered.

Of noble birth, and content for most of his long life to remain largely unperformed and unpublished and almost entirely unheralded, Scelsi would seem to be one of 20th century music's arch-dablers—an experimenter in a succession of musical fashions. Concerts of this kind are, of course, insufficient evidence for any final pronouncement on compositional style; but even if the works they contained covered a period from 1941 to the present day, they appeared to have as common feature the toying with some technical motif or constructive device, elaborated in ways and lengths which bore little relation to the demands or pressures of music designed to be heard in public.

So, for example, the String Trio (world première) and the string quartets Nos 4 (1964) and 5 (1984) absorb themselves entirely in the slow evolution of microtonal slides around a single main note. I found no more basic interest in the pieces than this: once the point had been recognised, and that of the more amply scaled *Ohoi* (1966) for 16 strings, there seemed no reason for the music to continue—or indeed *not* to continue.

And apart from sub-Skryabin moments of fantasy in the two short piano pieces, or hints of dark central drama in the *Ballata* (1945) for cello to piano, there seemed nothing to Scelsi except the after-breakfast jottings of a dilettante with avant-garde pretentions and "anti-rational tendencies" (a phrase from the fulsome New Grove Scelsi entry). Much applause and hoopla, which the white-haired composer graciously received in person: the air in the Almeida soon thickened not just with the heat but with prevailing mists of unmusicality and sheer bogusness.

A Lovely Sunday . . . /Islington

Michael Coveney

The Old Red Lion in Islington is presenting the British premiere of a Tennessee Williams play, given on Broadway seven years ago starring Shirley Knight, in which four women in a 1936 St Louis apartment block swelter in the heat and on the brink of a Sunday picnic outing to the local amusement park Creve Coeur.

There are echoes here of *Glass Menagerie* and *Streetcar*. Dotty is the displaced Southern belle taking the strain in an emotional tug of war. In one corner, her shuffling German-American flatmate, a solicitous drudge, Bodey, whose twin brother would be a perfect husband; in the other, a snooty art teacher, Helena, "a well-dressed snake," who wants Dotty to move out and share an upmarket accommodation closer to her aspirational fantasies. Dotty awaits a telephone call from her own school principal. Her gentleman never calls and a delayed revelation about his social commitments results in a mawkish acceptance of life's cruel allotment.

It is a slow-moving drama and, in Sydnee Blake's bumpy production for Cakes and Ale, less effective than it might be in managing the overlapping dialogue, the shimmering mirage of salvation for this deluded civics teacher enslaved to a regimen of sit-ups and hip-swivels *before the* call comes. But it is much better than some accounts of it had led me to expect and, as ever, details of place, temperature, the aroma of characters inhabiting their lives, all these are perfect. The dramatic chemistry is sometimes a bit flat.

This period of Williams's life, as we know from Donald Spoto's biography, let alone the scurrilously readable intimate memoir published in April by his chum Dotson Rader (Grafton Books, £12.95), was particularly awash in booze and pills, a condition shared by Elizabeth Richardson's bone china neurasthenic Dotty — she would snap in two if she stubbed her toe. All four characters, in fact, are somehow luridly larger than life, none more so than the lately bereaved Germanic sidekick neighbour of Bodey, Sophie Gluck, who rushes in, spooked and staring, before evacuating her bowels as Dotty relates a sad case of premature ejaculation.

All these ladies are out to lunch before the picnic even starts. It is left to Rowan Suart as a Helena in seamed stockings and hawkish profile to lend a cutting edge, even if her remarks suffer, too, from flying around like untethered balloons. Certainly not vintage Williams — little was by this time — but not without interest, and a sort of overheated, tacky appeal. Talking of which, the Old Red Lion's a steambath just now. Wait for the rains.

"The New Architecture" at the Royal Academy

The Royal Academy has announced an exhibition devoted to The New Architecture which it is anticipated will cost some £1m. To demonstrate the powerful artistic success of British architecture, three leading prima donnas, Norman Foster, James Stirling and Richard Rogers, will be the stars of the show which is aimed at a general audience.

The main theme of the exhibition will be new architecture and the city, with particular emphasis on London. Richard Rogers, the architect of the new Lloyd's building, will be redesigning a whole slice of the capital from Charing Cross to Waterloo with new islands in the Thames and a new pedestrian bridge. Norman Foster will be exhibiting his new headquarters for the BBC, sadly now abandoned, and James Stirling his design for the National Gallery, which just failed to win the recent contest.

The exhibition will run from October 3 to December 23.

There is an impressive array of private sponsors: Bovis Construction, British Gypsum, the Canary Wharf Development Company, the Electricity Council, Gartner, Otis Elevators, and Pilkington Glass.

COLIN AMERY

The Venice Biennale/William Packer

Larger seems smaller than usual

There must be, *pace* Doctor Johnson, something just a little the matter with the man who declares himself tired of the Venice Biennale.

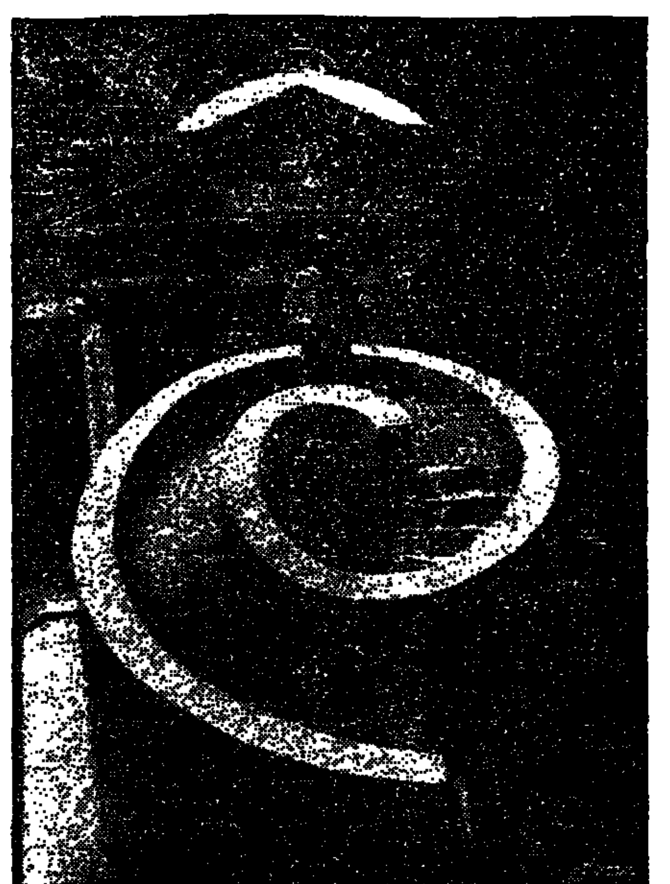
The whole of it may well be tiring to the point of exhaustion; the organisation and preparation dangerously chaotic; the administration offhand—to the point of arrogance if not actual rudeness—to say nothing of so much of the work that is meretricious, trivial and downright bad.

But always, through the next door or through the trees of the *Giardini* to the next pavilion, even in the most unexpected corners, there will be something to hold the interest and delight the eye. Even at its most frustrating and mediocre we should come back for more. And of course there are always the manifold consolations of La Serenissima herself.

The Biennale is indeed a great leveller, and one that invariably insists upon three fundamental truths. The first is that always, in any age, there will be more bad art made than good. The second is that no school or country ever holds the monopoly in creative interest or importance. The third is that, even when for a moment there might seem to be a general sense of shared interest, activity or purpose, this will everywhere find expression in different forms and subscription to different standards.

That said, in somewhat defensive principle, it must be admitted at once that this Biennale, 42nd in the sequence that began in 1895, is relatively uncertain and undistinguished. It neither points to exciting new directions nor celebrates spectacular new achievement. Declaring itself the largest Biennale ever, with more than 600 artists showing something over 2,500 works of art spread across some 30,000 square metres of exhibition space, it seems strangely smaller than usual. With none of the late excitements of the Transavantgarde, the New Spirit, or the New Sculpture to occupy its first attention, it has the decided feeling of an interim or holding exercise, catching its breath between whiles.

The catchall theme this time is *Arte e Scienza*. But the principal participant nations have had none of it for their pavilions in the *Giardini*, looking blithely instead to distinguished established reputation to see them through.



Isamu Noguchi on his "Slide Mantra"

This is, to be fair, no more than the French, the Germans and the British, all together on their little hill-top, have long been in the habit of doing, but this year the Biennale Awards, discontinued after 1968, have been reintroduced, and there is nothing like the prospect of winning a major international prize for concentrating the culturo-diplomatic mind.

It could hardly have gone unremarked, for example, that this year—for the first time since at least 1976, which is as far as my own personal experience of it goes back—the Americans have taken the Biennale seriously. Instead of filling their charming neo-colonial pavilion with a show already on the road at home, they have put up a major and very senior artist for the occasion. How sad for them, we must all feel, that they should have got it so wrong.

Isamu Noguchi, now 81, declares his Japanese extraction, education and sensibility in everything he does, but to celebrate his exquisite refinement by an exhibition dominated inside by a miscellany of his paper lamps, outside by a massive marble slide, was merely silly.

As for the West Germans, how surprising it was to discover them for once apparently unprepared; unable—again for the first time in my experience—to open their handsome Speeresque pavilion by the afternoon of the first of the three Press Days, as was always their habit. It was surely a great embarrassment to the artist, Sigmar Polke, that he alone of all the individual artists was left to unveil his wares on the third day when absolutely everyone had to be there to see his grandiose, vapid and evidently hurried installation. He was much consoled, I know, when the jury gave him a share in the *Premio Internazionale*, the first prize.

The French made no secret of their intentions, putting up an artist of sufficient standing and distinction to win the prize outright but, by the very nature of his work, setting their sights on the *Premio dei Paesi*, the award for the best pavilion as such. They duly won it. Daniel Buren's minimal but spectacular installation of bold, simple stripes that both inform and confound the building's space and structure is certainly impressive.

The British entry, the fourth and last of the serious contenders but at five to one (or so) the outsider, is Frank Auerbach. His powerful expressionism in the long-established British Bombergian strain quite demolishes the argument that to be seriously ambitious, the painter must paint big. So modest in scale, his dense, passionately worked portraits and landscapes command a monumental scale and in Venice they are magnificently presented by the British Council.

Outsiders do come in quite often, and it is a matter for real congratulation that it is with Auerbach that Polke shares the Golden Lion. Polke is one of the great stars of the moment, at least in reputation and the modern master prices he can command. It is of the first importance that Auerbach, so much the better painter but, as is the British way, scarcely known abroad, should now be measured at that level.

There is more to say of this Biennale than a single article can embrace; I shall return to it next Tuesday. There are other artists and national pavilions that should not pass unremarked — and also the *Aperto*, works by young artists never shown in a Biennale before, in the amazing former rope-shops of the *Arsenale*. There are other mixed exhibitions there, too, in the *Palasport* and in the Central Pavilion of the *Giardini*, that address themselves, for better or worse, to that theme of Art and Science. Curate's eggs, the lot of them.

The Biennale continues until September 28.

The English Cat/Radio 3

Andrew Clements

The most recent of Henze's operas was given its first performance at the Schwetzingen Festival in 1983; David Murray wrote about that premiere on this page. On that occasion *The English Cat* was German-speaking; elsewhere in Europe productions have used versions in Italian and French as well. But Edward Bond's libretto was written in English (Max Loppert reviewed the US premiere, sung in English, from Santa Fé a year ago), and the work has yet to be staged in Britain in any form. To mark Henze's 60th birthday on Tuesday, Radio 3 last night broadcast a recording of the English version made at the BBC Maida Vale studios earlier this year, with the BBC Symphony Orchestra conducted by Richard Armstrong.

Without the benefit of stage images Bond's scenario immediately presents one crucial problem. Its basic theatrical conceit — of telling a tale of hypocrisy and cant in English turn-of-the-century society with a cast made up almost entirely of cats — is hard enough to swallow, I would guess, in the opera house; with sound only it sets the imagination almost insuperable difficulties. The satire is laid on fairly heavily, and the distancing and irony which the cat costumes would provide are a necessary palliative. There are some passages (the Act 2 courtroom scene in particular) which seem terribly tired and over-stretched when heard aseptically on the radio.

Much of Henze's music, though, repays the closer scrutiny it receives in such circumstances. The delicate sequence of operatic numbers that make up the first act only occasionally sound like reworkings of Stravinskian models; the rest is fresh, witty, melodically memorable. When the mood turns much blacker in Act 2 and the forms become parody rather than affectionate nostalgia, the writing still remains balanced and controlled, always grounding the opera in real emotions even when Bond's text is at its most indulgent.

The studio presentation, produced by Clive Bennett, was sensible and lucid. All the words were audible; stereo placings were intelligently used. The performances did not always extract the maximum amount of rhythmic life from Henze's very carefully articulated vocal lines; more bite and a convincing use of *Sprechgesang* where the score indicates it would have dispelled the last traces of pastiche from each number. Among the well-drilled cast Susan Roberts handled the dizzy coloratura of the ingénue Minette with great assurance; Bruce Brewer took the demanding high tenor lines of Lord Puff, President-elect of the Royal Society for the Protection of Rats, with plenty of character. Now a stage production in London should follow without delay.

Double Bill/Gate

Martin Hoyle

Joan Schenkar has been called an exponent of the comedy of menace. The short plays receiving their British première in a double bill at the enterprising Gate, above a Notting Hill pub, certainly set out to touch chords of unease. One succeeds well enough, the other protracts a ten-minute anecdote to unconscionable and predictable lengths.

Fulfilling Koch's Postulate owes much to Kate Burnett's set, all false perspectives from tilting doorways and jagged walls reminiscent of German Expressionist cinema. Paddi Taylor directs this parallel study of our old friend Typhoid Mary, the Irish American cook who unconsciously carried the disease that wiped out the households where she worked, and Dr Robert Koch. The latter identified the typhoid-carrier syndrome; much play is made of his name—German for "cook."

The result is a jerkily stylised horror comic, a mixture of the farcical and the frightening that recalls Punch and Judy. The characters move with puppet-like stiffness from the domain of the cook — in huge chef's hat and apron, like the child-eating ogress of a fairy-tale — and the laboratory where the good doctor, mit Cherman accent, pursues his researches. Some point is made of professional pride and individual dignity; otherwise a black zany romp which goes on long enough. More would be too much.

As it is with *Cabin Fever*, the second work. The audience's collective heart goes out to the cast muffled in scarves, hats and gloves as New Englanders watching the onset of winter from their porch. American Gothic moves into Charles Addams territory as they recount increasingly gruesome anecdotes of their neighbours, get on to the subject of cannibalism and build interminably up to a climax visible half an hour away.

The evening's four performers are Jessica Higgs, slightly over-parted as the cook; Barbara Watt; Gerard Bell, and Alan Cowan who has a gift for perky comedy.

Screamers/Croydon Warehouse

Martin Hoyle

Anthony Davison, RADA-trained, currently a shop assistant, is presumably too young to recall much of the 1960s; yet his finely assured first play conveys the freshness, adventure and optimism of self-exploration in that era before the decade turned tacky.

His methods are syncretic. The 1960s are distilled rather than portrayed literally (did Alma Cogan and mid-period Beatles really co-exist?). But in the shy nervousness of initial homosexual attraction, or the aspirant gentility of "queers" (the word gay still meant something different) offering round cheese footballs at social functions to cries of "per-*lease!*" and "cheeky madam!" the writer evokes a whole world of innocent self-discovery; and he comes up with a consistently absorbing and entertaining play.

Or rather two plays. The first half is a compact, well-observed study of school-leaver Rodney, blossoming out in his first job in the hair-dressing salon under the tutelage of the outrageous Derick. The timid boy's growing emotional awareness is intercut with monologues, some in flashback, for his brassy, bingo-playing mother. He mimes to Shirley Bassey, is picked up by older entrepreneur Trevor. In a painfully convincing re-creation of parental attitudes of the time he is thrown out by his mother ("Disgusting little lavatory boy! Little pansy boy!").

The first hour could be a self-contained play; intense, funny, nostalgic, sad. The second half is disjointed and less sure in style as it recounts Rodney's rake's progress. His gormlessly inept RADA audition (Macbeth's dagger speech) belongs to farce and is no more probable than the subsequent self-revelation to his examiners. Nor, for all her sympathy and intelligence, can Maggie Ollerenshaw entirely reconcile Mum's initial disgust with her mercenary fawning on her son's rich protector or final rueful sensitivity. The play finally comes into focus with Rodney's decision to be a writer as he gets over a suicide attempt.

The traps of cliché and stereotype are avoided by the writing, Ted Craig's direction, and some good performances that bypass stock characters and go back to observed truth. Zach Vanderfelt's Rodney has a nice reticent glumness, touching in downbeat moments if not quite fiery enough for the melodramatic passages. Keith Drinkel is just right as the burly *nouveau riche* with a taste for the fine things in life—like paintings from Boot's and Mozart's Elvira Madigan. Ian Frost provides a wistfully muted cameo as the elderly owner of the hair salon, scornful of flamboyant Derick's dreams of love, confining himself to masturbating over mail-order catalogues and the quiet triumphs of paying rent and bills.

And Kevin Elyot's Derick, despite his "bona parlare," is not the caricature queen of radio comedy. He fills out the character with living detail. When he recalls, in party *travesti*, his mother's recent death, the writing avoids both Orton's harsh laughter or Tennessee Williams' baroque fluting. This is a South London coiffeur snapping out of dreams of glamour to find pride in sheer survival: "I've been there and back twice. I'm still here! I'm here to stay!" So is a new playwright.

Milstein cancels concert

Nathan Milstein has had to cancel his concert tonight at the Royal Festival Hall because of an injured hand.

Beaton exhibition

The exhibition devoted to Cecil Beaton at the Barbican Art Gallery, due to close on July 20, has been extended to August 10. Admissions are running at about 1,000 a day.

Dance Theatre of Harlem

Clement Crisp

With July 4 nearly upon us, and the Statue of Liberty a centenarian, it was right and proper that the Dance Theatre of Harlem should have opened their London season on Tuesday with flags waving. An all-American programme began with Balanchine's *Stars and Stripes*, and the invading forces of the company were in energetic form, the kicks as high as one could wish, the squadrons of dancers forming and re-forming with fine precision. Mr Balanchine was of the view that there was only good music and bad music, and John Philip Sousa's marches inspired from him some alert and clear-cut dances which the Harlem troupe invests with an infectious energy.

The New York of *Fancy Free* seems eternally vivid, as the three sailors chew gum and manoeuvre for their girls. Jerome Robbins' choreography is, surely, imperishable, and certainly so when given with the vitality and delight in showing off that marks the performances of Donald Williams, Cubie Burke and Tyrone Brooks. They catch the sailors' characters on the wing, tearing into the dance with all the bravura in the world, and the jokes look as fresh and merry as if the piece were new and not, incredibly, 40 years old.

No less urbane and high-spirited is Billy Wilson's realisation of Gershwin's Concerto in F which ends the evening. Jazz rhythms and a certain innocence of means are its most obvious qualities, and the Harlem dancers — with Joseph Cipolla and Hugues Magen courting Charmaine Hunter in the andante — argue its carefree case with a lot of power. It is slick, tireless dancing, marked with all the company's electric enthusiasm for performance, and not to be resisted.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

June 27-July 3

Exhibitions

PARIS

Hispano-American Silversmith's work: The 150 exhibits on loan from the Buenos Aires municipal museum cover three centuries and are the result of the combination of the legendary riches of the Peruvian mines with the exuberance of colonial craftsmanship. Silver – beaten, chiselled, filigreed – accompanies everyday life. For the gaucho there are silver stirrups and cruel looking spurs. There are delightful perfume-burners in shapes of animals and *maté cups for traditional herbal* infusions decorated with endlessly inventive flower motives. As for liturgical objects, religious fervour tends to make the ornate baroque style rather overpowering. Louvre des Antiquaires, 2 Place Palais-Royal (4297 2700). Ends Sept 6.

Mediaeval art in Paris: The abbots of Cluny built their magnificent late gothic town house in the heart of the Latin Quarter on three blackened ruins of Roman baths. Now a museum, it houses mediaeval works of art: goldsmith's work, carved altar pieces, ivories, fabrics, with two English royal standards embroidered in gold on red velvet. In a rotunda of its own is a set of the Lady and the Unicorn *mille fleurs* tapestries – an allegory of the five senses, one of the masterpieces of mediaeval art. Musée de Cluny, 6 Place Paul-Painlevé, Métro Odéon.

EAST GERMANY

Dresden: Villa Hügel: The chairman of Krupp, Dr Berthold Beitz, who is also head of the private Ruhr cultural institute, was the moving force behind this exhibition, helped by Mr Erich Honecker, the East German leader. The Villa Hügel, 114 years old, has been redecorated for the exhibition. This is the first show organised by the institute, founded three years ago on the initiative of the Krupp Foundation. The treasures from the period 1694-1733 of great Electors are on loan from Dresden's state cultural collections. The eight royal collections are presented separately with characteristic master works. There is also one of the oldest and most complete coin collections in the world and a huge collection of arms and copper engravings by Boucher, Chardin, Piranesi and Tiepolo. The picture gallery includes works by Titian, Poussin, Velasquez, Rubens, Rembrandt and Cranach. Ends Nov 2.

LONDON

The Tate Gallery: Oskar Kokoschka – *a major exhibition to mark the centenary* of the Austrian survivor of the great age of expressionism before World War I, who died only in 1980 at the age of 94. He continued *to work long into old age*, by which time the sometime radical, ex-cavalryman in the Austrian Emperor's army had been long confirmed in the Establishment, a Swiss resident for nearly 30 years and British citizen for nearer 40. This full retrospective confirms that the young painter, fresh from his studies in Vienna in the mid-1990s, was an artist of vision and true genius. Ends Aug 10.

SPAIN

Madrid, *Nofret, La Belle*, Women in Ancient Egypt sponsored by Catahunyaeps Savings Bank La Caixa with Haus der Kunst (Munich's Egyptian museum) and Cairo Museum, have set up this splendid show to raise funds to build future premises of National Museum of Egyptian Culture in Cairo. This exhibition gathers 96 pieces, including jewellery, brass sculptures, wood boards, and paper fragments that illustrate the significance of women in ancient Egypt. Artistic treasures offer a testimony of Egyptian history over 3,000 years. A must to understand women's role with the family, religion and politics neatly presented in chronological order. Fundacion Caja de Pensiones, Serrano 60. Ends Aug 3.

NETHERLANDS

Utrecht, Catharijneconvent. The legends and facts surrounding the life and voyages of St Brendan, the 6th-century 'Irish Odysseus', are examined with the aid of fancifully illuminated manuscripts and early printed books. Ends August 10.

ITALY

Rome, Palazzi dei Congressi: La Quadriennale: A four-yearly event returns after a 10-year absence. More than 400 contemporary Italian artists in seven sections. Entertaining, stimulating and immensely varied. Ends Aug 15.

NEW YORK

Picasso Sketchbooks (Pace Gallery): Opening a 14-city international tour, the 200 drawings, water colours and notes from 45 of Picasso's 175 cahiers give insights into the artist's methods and preliminary work on such famous paintings as Les Demoiselles d'Avignon, Rape of the Sabines and Mother and Child. Ends Aug 1. 57th E of Madison.

WASHINGTON

Hirshhorn Museum: 75 works of the California sculptor Robert Arneson presents the glazed ceramics he pioneered in what became the Funk movement in the 1960s with its irreverent view of other artists, contemporary artefacts and art itself. Ends July 6.

CHICAGO

Art Institute: Treasures of Japanese Buddhist Art, the only showing in the Western world of works from the great Todaiji Temple in Nara, Japan, includes 151 statues, handscrolls and intricately designed lacquered objects from the largest wooden temple in the world. Ends Sept 7.

TOKYO

Tang Three Colour Glazes: Ceramic vessels and figurines excavated from burial mounds of the Tumulus period in their characteristic brown, green and blue glazes: Idemitsu Art Gallery, 9th floor of the Kokusai Building, above Imperial Theatre. Ends July 6.

Saleroom/Antony Thorncroft

Doing frightfully well

The entire art world seems to be in London at the moment and the auctions are doing frightfully well. Sotheby's added to its Monday success with Old Master drawings and Tuesday's record prices for English pottery and porcelain with a very successful Old Master paintings sale. It totalled £3,101,230, with only 8.4 per cent unsold; a very good return for a solid but unsensational group of 71 lots.

The two highest prices were paid for paintings which had been bought, since 1958, by Brown Boveri, and had graced the boardroom. A view of the Piazza San Marco in Venice by Canaletto sold to a continental dealer for £473,000—not quite an artist's record—and a view of the Piazza Navona in Venice by Bellotto realised £319,000 to an American dealer: this was far ahead of its £140,000 top estimate. (Brown Boveri has obviously done very well out of its office furnishings.) The Canaletto had hung until 1930 in Farnborough Hall in Warwickshire.

A tiny winter scene by Avercamp, with skaters, was inside its estimate at £297,000, selling to a London dealer; while an American dealer acquired "The Crucifixion with Saints Jerome and Dominic" by Benozzo Gozzoli for £137,500, way above estimate. A record artist's price of £126,500 was paid by another London dealer for "A wine seller and a fruit seller" by Gambarini, and a private Swiss buyer paid £115,000 for two portraits by Sweerts.

At Phillips auction of lead soldiers a very rare 1940 Britain's set of a Royal Army Corps four horse ambulance, with drivers in steel helmets, sold at the top of its estimate at £4,000. An equally rare Britain's set of the US Marine Corps Band, in the original box, was way above its top forecast at £2,200.

*

The Michael Goedhuis Gallery in Old Bond Street is showing a most unusual exhibition of the vessels used in Japanese flower arrangement. The art of flower arrangement in Japan has historically commanded the same status as music and the tea ceremony, but the vessels which held the flowers, mainly made of bronze, have only recently attracted the interest of collectors.

The lack of literature on the subject, and the difficulty of dating and attributing the vessels between Chinese originals, which dominated flower arrangements in Japan until the 18th century, and then native Japanese craftsmanship, has put off potential buyers.

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Thursday July 3 1986

Pause in the bid boom

FIRST, APV Holdings: now, much more significantly, Woolworth Holdings: the fact that two companies have in the space of a few days successfully repelled hostile takeover bids suggests that the tide in favour of takeover bids in the City of London may just be shifting. Woolworth is a special case, in that it is controlled by a handful of big investing institutions which backed the arrival of new managers less than four years ago and have done very nicely out of their efforts. Yet by rejecting the bid, those same investors have given up the chance of an immediate capital gain—which does not square with the idea that most fund managers these days would turn in their own grandmothers for a two point turn.

After some notable excesses earlier in the year, the City may indeed be feeling a little sheepish about giant takeovers for the time being. The bid for Distillers was great fun while it lasted. But the morning after the night before, investors are left to reflect on the fact that Argyll's unsuccessful offer cost a net £34m, while Guinness won the day at a price which may require something close to a management miracle to be justified, at least in the near term.

The cult of the personality, which has played a big part in some recent battles, can also look rather silly in the cold light of day. For example, shareholders in Debenhams were given an enchanting image of the top men at Burton and Habitat/Mothercare sitting in deck chairs and planning a glorious future together: 12 months later, it seems, this turns out to have been mostly hot air. And some of the mud which has been thrown in great quantities during the recent past does appear to have stuck.

Outrageous claims

Thus there is a vague feeling that companies which make a success out of acquisitions often rely on creative accounting as much as on management expertise—that the whole things is somehow done with mirrors. More seriously, perhaps, companies such as Hanson Trust have had to come to terms with the criticism that they can only succeed by making ever larger acquisitions, so that round about 1993 they will have to be bigger than the entire UK economy.

It is difficult to judge whether this more questioning mood has been influenced by the Takeover Panel's ban on anything but the most bland advertising. Woolworth was the first big battle to be fought in recent times without the use of hostile advertising. That probably did not have much impact on the outcome but the memory of the outrageous claims made in earlier struggles may well be contributing to the present indigestion.

The ban has had one rather tiresome consequence for fund managers. Chief executives armed with very boring flip charts are said to be besieging the investment institutions in an effort to get their message across.

New mood

There are other possible arguments for a lull in takeover activity, apart from the heatwave. For one thing, the stock market has lost momentum in recent months. Takeover bids and bull markets often go hand in hand. For another, most of the obviously vulnerable big companies have already been taken over, or turned round. This means that bidders have been turning to quite respectable—and expensive—companies such as Woolworth, or to such sectors as the medium-sized engineers which do not make the most glamorous of bid stories.

Of course, it would be very unwise to suggest that the mega bid is a thing of the past. Lloyds Bank is still in hot pursuit of Standard Chartered, and GEC should in the next few weeks receive the official word on whether it is free to bid for Plessey. Moreover there is still plenty of bid speculation—a much repeated heresy in recent weeks being the rumour of a bid for Pearson which, among other things, owns the Financial Times.

But at least it no longer seems to be taken for granted that takeover bids are a good thing of themselves, automatically creating extra value for shareholders in both the predator and the victim company. If companies and investors are indeed coming back to the view that takeovers often do not meet their stated goals over the medium or long term, such a new mood of realism is entirely to be welcomed.

Still waiting for a US rebound

ANOTHER DISAPPOINTING set of economic indicators from Washington has pushed the dollar lower and heightened speculation of a half point cut in the Federal Reserve Board's discount rate. Economists and market analysts are confident, however, of a strong economic rebound in the next quarter, spurred on by falling inflation, a cheaper dollar and lower borrowing costs. In the last 18 months hardly a week has passed when these two sentences could not have been—or were not—written. Yet the world is still awaiting the promised rebound. Despite the daily records being set on Wall Street, there are reasons to worry that the recovery may never get its hoped-for second wind.

By last winter the light at the end of the tunnel seemed to be coming into view—cheap oil would be the motive force behind a new and powerful phase of economic expansion. Some economists warned that the powerful deflationary effects on energy producers would initially outweigh the more diffuse benefits of cheaper oil. But predictions were widespread of GNP growth of 4 or even 5 per cent by the second half of 1986.

Depressive forces

That second half has now arrived. And while it is too early to write off the bullish hopes, a number of disturbing trends can be detected, even beyond the steady flow of disappointing statistics, such as this week's leading indicators and trade figures. There are four main issues—the general dynamics of the business cycle, the impact of fiscal policy, the level of the dollar and the price of oil.

After four years of robust growth, the pent-up demand for consumer durables and housing, which normally powers the first and most powerful phase of a business cycle expansion, has been exhausted. Consumers are over-indebted, housing markets in many parts of the US are softening and business inventories are ample. Meanwhile, the capital investment, which normally keeps recovery going in the cycle's later phases, is tending to weaken, rather than strengthen—partly as a mirror image of the boom in capital spending which resulted from generous corporate tax reductions, which are now having to be reversed.

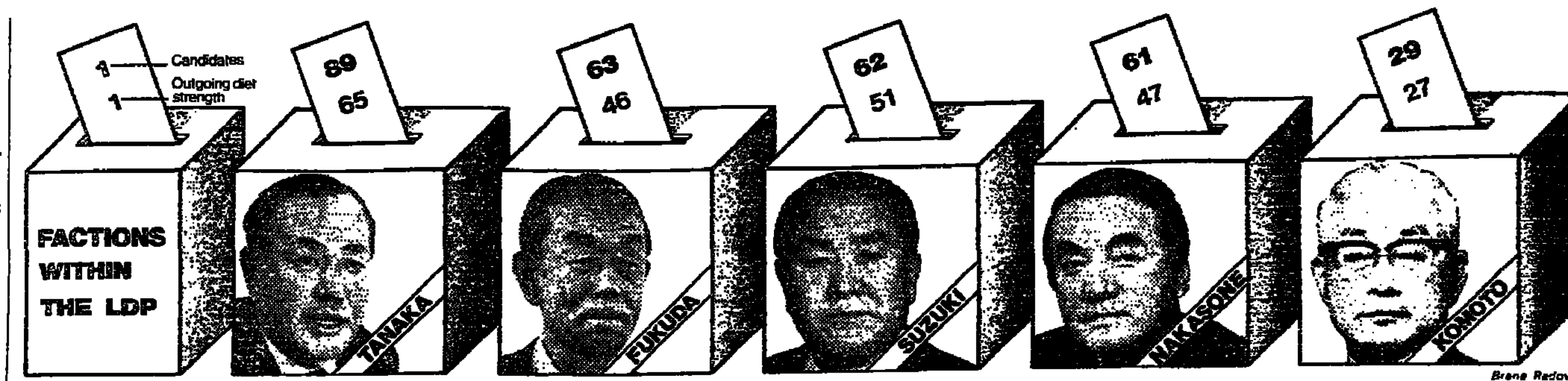
The bullish consensus among US economists holds, nevertheless, that these depressive forces will soon be overwhelmed by a resurgence of consumer spending and investment, as Americans go out and spend the benefits of cheaper oil prices. The case for optimism is that the US economy now stands at the beginning of a new business cycle, not at the end of an old one. All the forces which traditionally choke off the late expansionary phase of the typical business cycle — rising inflation, mounting trade deficits and restrictive monetary policies — are working in the US's favour this time round, the bulls argue. But is this true?

Plunging dollar

At present exchange rates, the trade deficit will remain enormous unless there is a US recession or a consumption boom in the rest of the world. While this trade deficit persists, real interest rates in the US will have to stay high to protect the dollar from a precipitous devaluation. Meanwhile, US fiscal policy is at last beginning to turn restrictive.

Even oil prices have turned into a mixed blessing. As is so often true of major economic shocks, the losers have adjusted demand more quickly than the winners. But even on the supply side the oil price shock has had ambiguous effects. Cheap oil has been the final nail in the coffin of energy investment. Yet the long-term outlook for energy costs is still too uncertain for a boom in energy-intensive investment.

The one unquestionable boost to US output is coming from the plunging dollar. Continuing devaluation could certainly enable the US to gain market share in the world economy, but only at the expense of other trading countries' jobs and output and a probable resurgence of inflation at home. Such a development could vindicate the bullish GNP forecasts; but it would be a lot less bullish for the US's trading partners and the inflation-fighters at the Federal Reserve.



Also, non-affiliated candidates, 16. Outgoing diet strength, 14.

Brane Radovic

JAPAN'S GENERAL ELECTION

Faction, friction and the future of Mr Nakasone

By Jurek Martin in Tokyo

THE JAPANESE general election on Sunday is rather like the overture to an opera. It gives a flavour of the drama and introduces some of the themes to the audience as it settles in its seats, but it gives little away in its own right and it cannot foretell if the tenor is going to be in fine voice or about to croak.

On this occasion, the campaign is being conducted in the annual rainy season, which perhaps explains its sogginess to date.

In spite of saturation media attention, no issue, or even non-issue, has emerged to dominate it. There have been flickers of interest on the Government's commitment to tax reform (revealed to be less than supposed) and on whether or not the party leaders should actually debate with each other (predictably, the opposition parties cannot agree on a format).

But, for the most part, this has been a conventional campaign, all about grass roots organisation and technique. The interesting stories that have surfaced are testament to this, and to the introspection of the Japanese political system. Can, for example, Prime Minister Nakasone's son beat former Prime Minister Fukuda's brother in the contest for an Upper House seat? Can another former Prime Minister, Mr Kakuei Tanaka, win more votes from his sickbed than the record he racked up in 1983 just after his conviction for taking bribes from Lockheed?

These are the sort of signals and nuances that will be repeated, for real, after Sunday, when the ruling Liberal Democratic Party puts its conservative heads together to determine who should run it, and the country, in the years ahead. For it is improbable in the extreme that the LDP will not continue to form the government after the election, as it has, in various manifestations, ever since 1948.

The election result will have a bearing on this process, though it will not necessarily be the paramount factor. Everybody in Japan, however, is now playing the numbers game and the consensus of electoral arithmetic runs something like this.

● An LDP landslide—in excess of 280 seats—makes it difficult for the party to justify removing Mr Yasuhiro Nakasone from the leadership, if he wants to stay on which is unclear.

● An LDP "disaster" (less than the bare majority of 257 seats) could lead to Mr Nakasone's immediate resignation, with his likely successor being Mr Kiichi Miyazawa, the party's executive chairman and a former Cabinet minister, who held out longest against convening a summer election and will thus be seen to have been wise before the event.

● Anything in between (which, according to the polls, is the probable outcome) throws the selection into the melting pot, in which the current leading compromise candidate appears to be Mr Shintaro Abe, the Foreign Minister. However, this may not be speedily resolved, and Mr Nakasone could stay on until the scheduled end of his LDP presidential term in October.

However, any number of deals may be cut in the backrooms where the decision will be made. These include an extension, for perhaps one year, of Mr Nakasone's term, a prospect which looks rosier if the LDP gets in the upper range of the debacle-landslide "no man's land."

They seem now less likely to include the accession of Mr Noboru Takeshita, the Finance Minister and quondam leading pretender, whose political stock has fallen with the rising of the yen. But Mr Takeshita would certainly be a player in the negotiations, as would be the ambitious Minister for International Trade and Industry, Mr Michio Watanabe, and such veteran war horses as Mr Shin Kanemaru, the LDP secretary general, and Mr Susumu Nikaido, the party's vice president, as well as other names as yet undreamed of.

In all this, it is vital to remember that Sunday will see an election-within-an-election, in which the contestants are the factions which make up the LDP and where, for years, Japan's real political dramas have been played out.

Even a slight shifting in the factional balance can matter. It is, for example, perfectly possible for Mr Nakasone to lead his party to a triumph, but see his factional strength increase by less than that of his rivals, in which case he would be perceived, inside the LDP, as having made no case for himself. In this arcane world, Mr Abe's achilles heel is that his faction (headed by Mr Fukuda) initially drew the short straw when the LDP decided which candidates it would officially endorse, and release money to.

It is not merely the LDP which pays attention to details like this. The opposition did better than expected in 1983 because the Socialists, the Democratic Socialists and Komeito, in effect, pooled resources in over 20 constituencies (a collaboration, it should be emphasised, restricted to electoral purposes). Similar co-operation is afoot this time, though possibly on a less effective scale. The Communist Party, Japan's fifth largest, allies with no one, but has a proven record of getting out the vote in certain constituencies, such as the city of Kyoto.

All this emphasis on the mechanics of an election leaves politicians, even the most secure, with precious little time and opportunity to uplift or otherwise enliven the proceedings. Japanese campaigning is, indeed, a fairly pure exercise in the very basic arts of pressing the flesh, patting the babies, fixing the deals that can help a constituency, and getting name recognition across.

The cardinal rule for any candidate, dressed in the invariable white gloves and vast rosette and armed with a thunderous sound truck blasting out name and party (the ballot contains only name) is never to appear superior.

Even genuine sophisticates, like Mr Koichi Kato, the Ivy League-educated, Foreign Ministry-trained Defence Minister, and Mr Motoo Shiina, the LDP's urbane foreign affairs expert, shed their Tokyo clothing when they go back to their rural districts in search of re-election. Mr Kato confesses quite frankly that his constituents never wanted him to serve at the Defence agency; they would have preferred a true pork barrel ministry like Construction, Transportation or Agriculture.

The only real licence to go further is accorded to party heads—and, this time around, to Mr Abe who, alone among the pretenders, insists that it is time for Mr Nakasone to step down (though even he does not really say why or what he would do in his stead).

In this respect, Mr Nakasone does stand head and shoulders above the opposition. This is an assessment not confined to foreign observers, since all the evidence is that the Japanese public also rather likes his style. This, on the stump, is an interesting mixture of American-style "vision" politics—Japan in the 21st century, sound nationalism, the need for pride, global initiatives and so on—with Japanese humility, in his constant apologies for his clumsiness, arrogance and inability to deliver previously promised goods.

He also purveys a nice line in pure needle, taunting the opposition that it is a "bunch of kindergarten kids" and waiting for the predictable ideological response (that he is, as Mr Masashi Ishibashi, the Socialist Party leader, put it this week "a fascist, imperialist liar").

It is an exchange from which Mr Nakasone comes out clearly ahead, having drawn out of Mr Ishibashi, who has been earnestly trying to drag his party to the centre, the sort of idological rhetoric he was supposed to be discarding. But whether Mr Nakasone's deftness can translate into more support for his faction is another matter entirely.

Nor has the campaign provided any clues to possible changes in the way Japan goes about its business. It would, of course, if the opposition were to gain a share of power, but this prospect it too remote for serious consideration. As it is, the differences between Mr Nakasone and his LDP rivals are much more of style than of substance, since all subscribe to roughly the same brand of conservatism, though style, as the Prime Minister has demonstrated, can matter.

Mr Miyazawa is the intellectual of the bunch, a good English speaker and a relative economic liberal who believes Japan can afford to take a Keynesian risk or two: he is not, however, rated highly as a political leader. Mr Abe is the quintessential, impeccably-connected consensus man, behind every policy but the author of none. The same applies to Messrs Takeshita, Kanemaru and Nikaido, all of whom are mostly political fixers, as befits members of the Tanaka faction.

If a Japanese de Gaulle lurks in the woodwork, then it is probably either Mr Nakasone himself, to whom metamorphosis is not unknown, or Mr Watanabe from Miti (and formerly a Finance Minister), whose earthiness disguises one of the shrewdest political instincts in Japan.

The fact that Mr Nakasone and Mr Watanabe are from the same faction does not mean they agree on policy, since these groups exist principally to cement other connections and common interests rather than to promote ideas and views. The moveable feast of factional alliances — currently known as "mainstream" and "non-mainstream" — has no real root in policy. The Tanaka-Nakasone combination that has enjoyed a sort of hegemony inside the LDP since 1982 is really a simple marriage of convenience, made possible by Mr Nakasone's ambitions and Mr Tanaka's delight in being seen as the power behind the throne.

Mr Tanaka is now bedridden and his faction split between Mr Takeshita and Mr Nikaido. But his machine lives and it would be a huge surprise if it did not remain the major force to be reckoned with after Sunday.

And it is then that the opera really begins. The only problem is that though the audience, in the persons of the electorate, may have enjoyed the overture, the arias will be sung for the most part offstage.

BACKGROUND TO A DOUBLE ELECTION

JAPAN WILL vote on Sunday in what is known as a "double election," the first since 1980 and only the second in post-war history. This combines polls for all the 512-member Lower House of Representatives (one more than in 1983 as a result of this year's modest re-apportionment) and 126 of the 252 seats in the Upper House of Councillors.

The country has 130 constituencies, all but one of which return three, four or five MPs to the Lower House. In the Upper House, candidates are elected both from constituencies and, by proportional representation, from "national lists" drawn up by the parties. The Lower House election is the most important, since its composition determines the formation of the next government. Because it failed in 1983 to win an overall majority on its own account, the LDP was forced into a coalition with the New Liberal Club, which hived itself off from the ruling party ten years ago.

The evidence of 1980 was that a double election brings a bigger voter turn-out (then about 75 per cent) which in turn benefits the LDP. In 1983 only 67 per cent of those eligible voted, the LDP lost over 30 seats and the best organised minor party — Komeito, with its strong Buddhist bourgeois base—did well. The Socialist vote had been on a steady decline, but picked up, at the LDP's expense, in 1983.

The Japanese electoral pendulum does not swing much, but it does swing consistently. The LDP went up in 1976, down in 1979, up in 1980, down in 1983, and thus seems due to recoup this time.

LOWER HOUSE CANDIDATES

Parties	Total	Seats*
LDP	320	250
JSP	138	111
Komeito	61	59
DSP	56	37
JCP	129	27
NLC	12	8
USDP	5	3
Minor Parties	15	0
Independents	105	5
Total	841	500

*Seats at dissolution

Men and Matters

Lewinton joins TI

TI Group, the British engineers which made its name with cycles and home appliances, and is now recovering from a gloomy spell, has put an avowed internationalist at its helm.

Christopher Lewinton, former executive vice-president of Allegheny International of the US — whose favourite catchphrase is "global thrust" — moved into the new post of chief executive yesterday.

Ronny Utiger will continue as chairman of the Birmingham-based group but will relinquish his position as managing director and Lewinton also takes on the role of deputy chairman.

Born in England but with dual US-British nationality, Lewinton, 54, a qualified mechanical engineer and survivor, joined Wilkinson Sword in the 1950s and was closely involved with the merger with British Match which was intended to turn the humble box of matches into an exciting consumer durable. Afterwards, he was instrumental in leading the enlarged group into the arms of Allegheny — a move which caused controversy in the City.

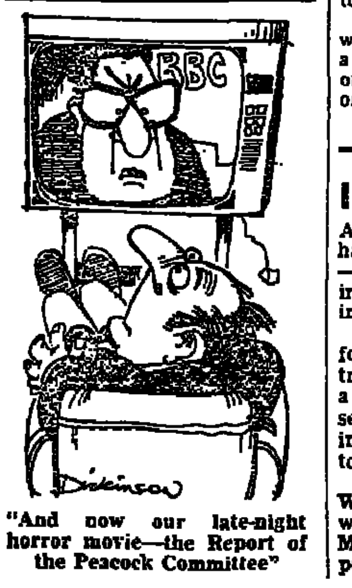
Lewinton has been associated with international development at both Wilkinson and Allegheny —though it has not always worked. Building a global presence for AI in the domestic appliance market took a bad knock last month when Allegheny sold the Rowenta small appliances side.

Lewinton was not associated with that decision having already left the company because Allegheny was centralising headquarters in Pittsburgh and he had no intention of uprooting his family and living there. He was subsequently headhunted through an executive search agency.

He is joining a group with sales of £1bn, roughly the same as the Allegheny businesses for which he was responsible.

"I think TI is an exciting company, with a good reputation and great opportunities," he says. The group has begun to concentrate more on its core businesses like automotive components, jet engine rings and vacuum furnaces. Lewinton already has some ideas on where he wants the group to go but he is going to take his time to get to know the business.

His only previous connection with TI is that he once owned a Raleigh bike. He doesn't own one now "but I'll have to have one for loyalty reasons."



"And now our late-night horror movie—the Report of the Peacock Committee"

In the picture

A ticklish problem seems to have been solved at Westminster —who should be immortalised in a portrait of the Commons in session?

It would not, of course, do for the Commons to be portrayed at 1 am with only half a dozen MPs lounging in their seats. But it would be equally impossible to get every MP on to the canvas.

So since the Speaker, Bernard Weatherill, announced a few weeks ago that artist June Mendoza was to paint the first portrait of the Commons since 1960, a committee of MPs has been deliberating on who it would be politic to include.

It has now decided that the Cabinet and the shadow Cabinet should be put into the picture, along with the deputy Speakers, minority party leaders and MPs who first took their seats in 1970 or earlier.

To them will be added MPs who are retiring at the next election (provided they have been there since 1974), the four senior whips on each side of the House, members of the Commons commission and chairmen of select committees and sub-committees.

What space is left within the frame, the committee decided, should be strictly allotted according to the relative strengths of the parties. So ballots will be held to choose 44 Conservative MPs, 22 Labour, six from the SDP/Liberal Alliance and four others.

And to tickle the vanities of those who report the Commons' proceedings, the chairmen of the parliamentary press gallery and lobby will be consulted on the portrayal of a maximum of 18 reporters in the gallery.

The current hot weather raised an additional question of how MPs should dress for the sitting. Speaker Weatherill has ruled that "in tune with what goes on outside this place these days, at dinner parties and so on. Members should come into the Chamber wearing a tie. I would not object if Members came in shirt-sleeves in this hot weather, but I think that ties should always be worn."

Players still

AS JOHN PLAYER announced its withdrawal from the longest-running cricket sponsorship in the UK, the John Player Sunday League, company-watchers were writing it down as a casualty of the takeover of Imperial Tobacco by Hanson Trust.

Not so, says Peter Dyke, Imps' head of sponsored events. "Hanson is not interfering at all with things like the running of sports sponsorship. We have been sponsoring the league for 18 seasons." The company has put more than £3m into the game and prize money this season is £72,450 including £19,000 to the winning county.

"We wanted to give early notice to the cricket authorities that we are pulling out at the end of this season so they have plenty of time to find a new sponsor," Dyke says. One reason for the decision may be the decline in TV viewing time in recent years. When the league started, Sunday TV coverage was almost constant.

Dyke points out that the company will still be strong in sport—other sponsorships include the John Player Special Rugby Union and Rugby League Cups, the Lotus Formula 1 motor racing team, Embassy snooker and bowls.

High-minded

That eagerly-awaited contest at London's Royal Albert Hall "to illustrate the vital importance of effective leadership in industry and commerce" took place yesterday.

Yes, that's the one — in which the Industrial Society organised teams of trade union leaders, industrialists, and young trainees to compete in building towers of polystyrene blocks.

The young ones, led by Robert Swan, 24, who recently led an expedition to the Antarctic, won comfortably. The industrialists, headed by Sir Hector Laing, came second, though they were almost disqualified for bending the rules of the game.

The trade union leaders finished in third place, after their tower had twice collapsed.

Draw what moral you like from it all for the condition of British industry.

Observer

Barry Riley interviews Sir Nicholas Goodison

No balloons for the Big Bang

BIG BANG, says Sir Nicholas Goodison, *chairman of the Stock Exchange*, is not a miracle. "People are wholly beamed in on this wretched Big Bang. On October 27 I shall be telling people that they have got to think of the future and not treat this as any *more* than one staging post in the evolution of the market."

In a summer of rising tension in London's securities markets, his long-term perspective may not be widely shared. Member firms are rushing to fit out new premises, hire specialist staff and set up electronic trading and settlement systems. Those that fail to get themselves ready for the big day will simply not be around to explore the future.

But on the 22nd floor of the exchange's tower block, Sir Nicholas grapples with the strategic issues facing a 200-*year-old market place which is* transforming itself from an inward-looking domestic club into a body seeking to carve out a competitive position in the global securities industry.

One consequence will be a total recasting of the structure of the exchange's Council, turn*ing it from an unwieldy body* of 52 members to a more manageable group of less than half that size, including lay membership of a quarter to a third of the total.

In the process, the constitution of the exchange will have to be altered to reflect the *admission of giant international* banks and securities groups such as Merrill Lynch, Barclays, Citicorp, Nomura and Union Bank of Switzerland, with many more to follow.

"One of my main roles in the coming year," says Sir Nicholas, "will be to do everything I can to cement the new members into the community. There has to be a community of purpose in a great national institution."

Sir Nicholas himself is an important link between the past and the future. He has already completed 10½ years as chairman, and last week was confirmed by the Council as chairman *for yet another year.*

Still only 52, he remains as guarded as ever about his personal ambitions. When suddenly pitched into the role in January 1976 on the death of his predecessor, he told a press conference modestly that if he proved successful he would serve some*thing like a five-year term.*

"Obviously I am in the home straight somewhere, having run 10 furlongs," he now says, "but I don't actually know how long the race is. I think I will do this job for as long as I am wanted to do the job. I really don't think the question of my appointment as chairman is a top priority at the moment."

The tall, languid Goodison, who in his *spare* time is an authority on antique clocks and *furniture*, does not *look* or behave like a typical share

salesman. Unusually, last week he allowed himself to be pitched into a wider share ownership publicity stunt involving the release of balloons from the Stock Exchange roof. But he has developed a political skill which *is rare in the securities business.*

His most famous political role was in the personal negotiations three years ago with Mr Cecil Parkinson. Those led to the deal to end fixed commissions by the end of 1986 in response to the dropping of the Government's challenge to the exchange's rule book in the Restrictive Practices Court. That agreement led straight—though not entirely predictably at the time — to the *far* more sweeping changes of Big Bang.

Sir Nicholas's negotiating skills are now being tested again by the current delicate discussions with Isro, the newly established body which represents international securities dealers in London. The talks *are geared to meet a* deadline of the end of this month.

A satisfactory merger between the Stock Exchange and Isro would confirm the exchange's dominant role in London. But failure to co-operate could lead to a fragmentation *of the markets in the stocks* of major British companies, and possibly to the relegation of the Stock Exchange itself to a minor domestic role.

Recently the Stock Exchange has been clawing it way back into international markets, where in the 1970s it lost its business in South African gold shares, and opted out of the mushrooming market in Eurobonds.

Sir Nicholas insists that the Stock Exchange *will* remain a major British institution. "I see the Stock Exchange as being the main market through which people will trade securities in Britain and Ireland," he says. "It won't necessarily be the only market, but it will be the main market.

"With a lot of newcomers arriving from different countries all at once, that presents a considerable need for effort in cementing them in. But I am optimistic. They want to be a part of London, they don't want to be a part of New York in London."

Exactly what *responsibilities* and coverage the new Stock Exchange will have are, however, far from clear at this stage. With the passage of the new financial services legislation, which is due to come into force some time next year, the Stock Ex change will have to fit within a new regulatory framework.

For the first time it will itself be supervised by a superior body, the new Securities and Investments Boards. Contro*versially, the SIB is suggesting* that the exchange should separate its function as a self-regulatory organisation (SRO) supervising members and a recognised investment exchange (RIE) operating a market place.

In practice, this could mean that outsiders might be able to use *the Stock Exchange's* markets in equities, gilts and options, a privilege that until *now the exchange has jealously* restricted to its own members.

Sir Nicholas says he is "95 per cent content" with the Financial Services Bill in its present form. He thinks the SIB's real problem is to deal with the regulation of life assurance marketing.

He considers that the only major bone of contention will be the SIB's requirement for the separation of clients' accounts which is "not really practical" in a broking office. "I would argue that the level of protection that the client has got through our financial surveillance rules and the compensation fund is very high." Brokers are also campaigning against the introduction of annual client agreement letters, which they claim would be a bureaucratic nightmare.

But the arguments over such rules are minor compared with the struggles that are going on over the ultimate status of the exchange. The normally courteous Goodison is inclined to sharpen his manner when the subject comes up.

"I am still trying to find my way through that. First and foremost the Stock Exchange is a market. We will impose rules on the members of the exchange which provide all the things you would expect — financial adequacy, surveillance, investor protection and so on — but if on top of that there are other SRO functions, that is clearly something that we will have to consider. But at the moment it's not entirely clear under the SIB's requirements where one leaves off and the *other begins.*"

He adds: "Other leading international firms will come into the Stock Exchange. What that means is that they will take the SEAQ system for UK equity and bond trading and be subjected to the reporting requirements of the system.

"It is still up in the air who they will be given SRO cover by. It's impossible to clarify it at this stage. I can only say that the requirements from the SIB *are not clear and the discussions* we are having with Isro haven't been completed."

Nevertheless, Sir Nicholas is confident that the new markets will develop and flourish from October onwards. He claims that the exchange is "on target for everything" and the technological side is going well, though there remain fears that some member firms may not have performed as well in this respect as the central market.

He insists that members are showing a remarkable willingness to stick by the old rules of Big Bang. "I haven't had a major complaint yet. I think it's a mark of the cohesiveness of the community."

What are his own plans for Big Bang Day?" Well, I would not be letting off balloons. I suspect, I shall be in the market.

The World Economy

Don't freeze out fiscal policy

By Stephen Marris

Samuel Brittan's recent piece on "Realpolitik reasons for *lower interest rates*" is an interesting example of how some thoughtful observers of the world scene are, by continuing to deny the obvious, being led to an unwise policy prescription.

The prescription is that Europe and Japan (and the United States) should respond to the falling dollar by "letting their interest rates fall"—ie, by further boosting already high rates of monetary expansion—rather than by "unbalancing their budgets," which seems to have replaced "fine tuning" as the pejorative term for fiscal *expansion.*

This prescription is based on Mr Brittan's firm rejection of the "unreconstructed Keynesian" view that "too readily assumes that growth rates depend on how much spending power governments release into the economy."

It so happens that we have just had the nearest thing we could hope to see in the way of a controlled experiment of the influence of fiscal policy on home-grown growth.

From the early 1980s fiscal policy in the United States was expansionary, in Japan and Europe it was restrictive. In the three years from 1982 to 1985 domestic demand rose by as much as 18 per cent in the United States, but by only *9 per cent in Japan and as little* as 5 per cent in Europe.

One could hardly sum it up better than the German Institute for Economic Research (DIW) did in a courageous report from the home of current fiscal orthodoxy, covered in the same issue of the FT: "Without the expansionary policies of the Reagan Administration, European nations would long since have had to take more stimulatory steps of their own. For them not to do so now, and merely to urge Wshington to cut its deficits, would be to turn the explanation of world economic developments over the past three years on its head."

We are now also seeing an acid test of the alternative thesis that by cutting budget deficits private investment in Europe and Japan would be "crowded in" and generate self-levitating growth.

The jury is still filing in, but the verdict is pretty obvious. As soon as the external stimulus from the United States began to fade, growth has been unexpectedly weak in Europe, and was actually negative in Japan in the first quarter.

True, we *should* soon see some boost from the fortunate, albeit fortuitous, large "tax cut" which Opec has given to the oil-importing countries. But since Opec cannot possibly finance the $60bn increase in its current account deficit that this involves, it will not last long.

From Mr Brittan's recent articles it is clear that he is aware of the possibility that the world economy could slow down too much. But since the "destructed Keynesians" have foresworn the use of fiscal policy, all they can do is call *for more expansionary monetary policies.*

> It would be ironic if our hard-won inflationary gains were thrown away because of a refusal to recognise the obvious . . .

This is, of course, pushing on an open door. Both Germany and Japan were exceeding their monetary targets in the early months of this year, and, with nearly zero inflation, real money supply was increasing at the pretty phenomenal annual rate of 8 per cent in both countries.

Up to a point, this makes sense while the Group of Five *is trying to engineer an orderly* decline in the dollar. But to place sole reliance on monetary policy to keep growth going in Europe and Japan during a period of massive and painful external adjustment not only will not work but, if pushed too far, could be dangerous.

It will not work because we have ample evidence that in export-oriented economies like those of Germany and Japan, investment demand is unlikely to respond much to lower interest rates at a time when export demand is falling off.

This is illustrated only too clearly by recent events in Japan. Monetary growth has begun to slow down, not because the Bank of Japan is *tightening up,* but because credit demand is drying up, despite a significant drop in interest rates. Why? Because the Japanese economy has stalled *after what is still only* a quite modest fall in net exports (following four years in which they were increasing by the equivalent of more than 1 per cent of GNP a year).

The fact is that Japan and Europe are only starting to feel the negative impact of the falling dollar and the collapse of Opec export markets, which will add up to several percentage points of GNP over the next two or three years. To persist *in trying to offset* this solely by expansionary monetary policies would mean piling up a massive overhang of liquidity which, as the benefits from the drop in *oil* and other commodity prices wear off, could easily pave the way to a new inflationary outbreak by the end of the decade.

It is sad to see Mr Brittan taking this line, especially as he is one of those who rightly criticised the governments concerned for making the same *mistake when* the dollar was going down in 1972-73 and 1978-79.

It would be ironic if our hard won inflationary gains were *thrown away* because of a refusal to recognise the obvious.

Fiscal policy does work—both ways. Monetary policies that foster lower interest rates certainly also have a role to play in keeping the world economy on track. But the sooner Europe and Japan recognise the *need* to give themselves a temporary fiscal stimulus, the less the risk that, as the dollar goes on down and the loss of export markets gathers momentum, their monetary authorities will be panicked into printing too much money.

The author is a senior fellow at the Institute for International Economics in Washington and author of Deficits and the Dollar: the World Economy at Risk.

Letters to the Editor

The wolf in Mexico

From Mr G. Magnus,

Sir,—In "Crying wolf in Mexico" (July 1), Anatole Kaletsky comments on the relative *complacency in the inter*national financial community to the prospect of a Mexican default or the cessation of its debt service obligations. While agreeing with his observations, I do not believe they go far enough.

I believe that the complacency is wholly misplaced and ill-advised, particularly since I am now hearing some senior international bankers say they would prefer to write off some *Mexican debt* than participate in further re-scheduling with all the knock-on effects in the rest of Latin America and now in Asia and Africa too. Earlier this year I *drew attention* to the increasing likelihood of a major default, de facto or explicit, once the worst of the 1982-1984 debt crisis seemed to have passed. I have to confirm my worst fears. The process of international lending has ground to a halt with the USA *now* a net debtor and no other country willing or able to fill the void. The risks of global deflation now seem to be substantially higher than those of a resurgence of inflation. Economic growth prospects in the North are meagre at best and the economic situation in Mexico and other major LDCs will continue to deteriorate. Nothing has changed to remedy the absurd situation of major LDCs exporting capital to industrial countries.

A Mexican default on its own would probably not spell the end of the world. Mexico however, has to be taken in the *context of* the continuing slide of other LDCs and also of the energy, farm and real estate sectors in the United States and elsewhere. These loan problems and those *to come* from over-borrowed consumers and corporations constitute classic symptoms of a debt deflation and open up a Pandora's Box for domestic and international banking. We ignore the crying wolf in Mexico at our peril, for the international monetary system becomes *increasingly* more fragile with serious consequences for the world economy in the absence of far-reaching reform.

George A. Magnus.
Chase Manhattan Securities,
72-73 Basinghall Street, EC2.

Schools of thought

From Mr D. Rowland.

Sir,—I have much sympathy with Patrick Coldstream's open letter (June 30) to Kenneth Baker on higher education in Britain. He concentrates however, on science and technology: the problem is just as acute in management studies. Twenty years ago the country produced 150 MBAs a year: now we graduate barely 1,000. The United States produces 65,000 each year.

The Government's present overall restrictions and cuts mostly leave the institutions of higher education themselves to decide their financial impact. It is not surprising that in the name of "equality of misery" subjects that need *to grow* tend to be cut with the rest often without reference either to national needs or even to the employment prospects of graduates. I would welcome any approach by the Secretary of State which indicated a willingness to consult and to act for the future benefit of this country.

David Rowland.
(Chairman of Council),
Templeton College,
Kennington, Oxon.

Profits and the community

From the Chairman, Marks & Spencer and Allied Dunbar Assurance

Sir,—We strongly welcome the call by the Prince of Wales (June 30) for leading companies to devote a fixed percentage of their profits to community and charitable purposes.

It is increasingly recognised that companies have a responsibility to the community as well as to their shareholders. At the *same time, support for local* job creation initiatives and other charitable activities, whether in money or in kind, can have a most positive effect in shaping the attitude of the community as a whole towards business and private enterprise.

Our companies are among *those that have for many years* allocated considerable resources in this way and we hope that the remarks by the Prince of Wales will help swell our ranks.

(Lord) Rayner,
Michael House,
Baker Street, W1.
Mark Weinberg,
9015 Sackville Street, W1.

Out of sight out of mind

From Mr A. Kent.

Sir,—How interesting it was to read Michael Prowse's article (July 1) "The tax cuts nobody wants." The preference indicated by the opinion polls for higher public spending must *indeed* be bewildering to Uncle Nigel.

I believe that the main reason, which was not touched upon in the article, is the painless way in which money is lifted from employees by the PAYE system. Under the instructions of the Inland Revenue employers siphon off a proportion of our income, without our leave, and pass it straight to the government. Unless we are very alert and pay close attention to our payslips we are barely aware it is happening.

Then, naturally, the government wastes most of the money. This is just the same as anyone *else would do if money was so* easy to come by. The electorate, misunderstanding the position, then presses for more spending.

If the taxpayer could see his hard earned cash disappearing out of the company's front gate by the lorry load he would have a *different* feeling about it, *either* pressing for tax cuts or insisting that his money be spent to better effect.

Arthur Kent.
9, Claverdon Drive,
Sutton Coldfield.

Enjoying luxury

From Mr C. Allen

Sir,—Having been lucky enough to travel by Concorde some years ago I was interested to read (June 28) Lucia Van der Post's impressions.

I couldn't help being struck by her reaction to being in her words "pampered and nannied." Like so many English she finds this an occasion to apologise.

What is wrong with the English? We seem to be incapable of enjoying ourselves without feeling guilty about it—it really is a unique English attitude and one we should try to grow out of.

C. G. H. Allen.
18, Queens Gate Gardens, SW7.

Pros and cons of predators

From Mr S. Blunt.

Sir,—Your editorial "Pros and cons of predators" (June 30) raises some very pertinent points. The fact is that it is far easier for institutional investors to support a takeover than to intervene in a poorly run business and install new management, or to take an interest in the development plans of companies in which they hold shares.

Can it really be right that the takeover of Woolworths should be decided by a handful of institutional investors? Should not the Government, which has insisted that a ballot is held before a strike is called, introduce similar provisions to give the power *in the case of* takeovers to the real underlying shareholders? At present, private shareholders are effectively impotent to affect the outcome of a takeover, and unit trust investors have no vote at all. In most cases is it not better for a business, its employees *and its customers* to change management rather than ownership?

S. W. Blunt.
Pitt Vale Farm House,
Pitt,
Winchester, Hants.

Right hand—left hand

From Mr D. Gomoll.

Sir,—Apparently the Ministry of Agriculture (June 21) has set itself an "action" value of 1,000 becquerels per kilogram, as compared to 10,000 becquerels *accepted by the National Radio*logical Protection Board or 600 bq/kg by the EC.

Clearly, there is no unity, but confusion reigns supreme, while every agency arrives at its own threshold values in its own inscrutable way, none of them aware of, let alone bound by, the provisions of any other not even a fellow national agency.

Is it not highly fascinating, then, to see the Department of the Environment, ruling on radioactive discharges from nuclear power stations, defining as "radioactive" anything con*taining more* than 370 becquerels per kilogram? Any such substance must be subjected to administrative controls or be disposed of as radioactive waste.

Dieter Gomoll,
V. Beuningenstraat 75
NL-2582 KL, The Hague.

Telephone costs

From Mr W. Bailey

Sir,—Only an organisation as monumentally smug as BT would seek to make interna*tional comparisons of its prices* using "purchasing power parity" exchange indices (Ian Vallance, June 28). The rest of us live and compete in the real world with market exchange rates.

Taking UK telephone usage patterns and calculating charges at overseas tariffs compounds the felony. A telephone network's costs are mostly fixed, and traffic density determines the tariff needed. Applying London Tube tariffs to a Cornish bus routes proves nothing about the relative efficiencies of the two outfits. Only competition, *in the shape of* Mercury, will do that.

W. H. Bailey.
P.O. Box 26, Port Talbot,
West Glamorgan.

FINANCIAL TIMES
Thursday July 3 1986

Stewart Fleming in Washington looks at problems facing new president

Politician in the hot seat at World Bank

THE PRESIDENCY of the World Bank is a prestige job. But Mr Barber Conable, the former US congressman who succeeded the luckless Mr A. W. "Tom" Clausen in the post on Tuesday, may already be asking himself how he can rejuvenate the agency as a vital part of the solution to the Third World debt crisis.

It is just three months since Mr James Baker, US Treasury Secretary, asked the 63-year-old former Republican politican to lead the bank as it helps implement the so-called Baker plan for tackling Third World debt. In that short time, though, some of the foundations on which Mr Baker's framework for building growth and supply side reforms into the economic policies of Third World debtors have begun to look shaky.

Questions about the debt strategy have been highlighted recently by the contrasting stances taken by Mr Paul Volcker, the Federal Reserve Board chairman, who expresses support for the current approach to the debt problem, and Senator Bill Bradley, long recognised as among the most thoughtful of Washington's politicans. Mr Bradley's words are listened to with more attention since he took the lead in backing tax reform.

Within a few days of Mr Volcker's firm rejection of debt relief for most Third World borrowers as a way out of the debt crisis, Mr Bradley was taking an opposite view. He told an audience of influential academics and politicans in Zurich that he believed a combination of concessionary interest rates and loan write-offs totalling $57bn over three years would have to be an integral part of any debt strategy.

Among the factors which help to account for the scepticism about Mr Baker's proposal in Seoul last October that commercial and multilateral development banks should lend an additional $29b of net new money to major Third World debtors over three years is one which will be of special concern to Mr Conable.

When his appointment was announced, it was evident that Mr Baker had chosen him partly because, as a shrewd former congressman, he was more likely than an ex-banker such as Mr Clausen to persuade Congress of the need to increase the financial resources of the World Bank and its affiliate, the International Development Association, and agency which makes interest-free loans to the poorest developing countries.

A capital increase is an essential element of the Baker strategy for the World Bank, which entered into new lending commitments of $13.2bn in its financial year to June 30 and has just about reached the limits of its capacity to increase its loans on a sustainable basis. These limits have been reached, moreover, at a time when, as the Overseas Development Council, a Washington think tank, pointed out last month, it is heading rapidly towards sucking more capital out of the developing world in the form of interest and capital repayments than it is putting in as loan disbursements.

But Mr Conable's chances of persuading Congress to vote the big funding increases the bank and IDA need are looking slim. A recent congressional report argued that it is US banks, not US businesses or farmers, which are benefiting most from the current debt strategy and the rise in World Bank lending. The farm lobby almost managed to politicise World Bank lending last month, coming close to delaying an agriculture loan to Brazil until after the congressional election.

Budgetary constraints have already led to the passage of a resolution which cuts back sharply the President's foreign aid request and seems likely to put the multilateral lending agencies low on Capitol Hill's list of priorities. There are fears that Mr Conable may collect a black eye in his first venture on Capitol Hill if, as some inside the World Bank suspect, Congress refuses later this year to finance the $10bn–$12bn increase in the IDA's resources which the Reagan Administration is saying it supports.

The prospects for World Bank funding are just one of the question marks hanging over the debt strategy. Interest rates have fallen, but the dreadful economic performance of the industrial countries so far this year, including the absence of any significant improvement in the US trade deficit, is a growing worry.

If heavily indebted Third World borrowers such as Brazil and Mexico are to take on additional debt and grow their way out of their financial problems through exporting more, where, in an increasingly protectionist world, are they going to export to?

This economic background as well as questions about whether key developing countries (Mexico is the obvious example) are politically strong enough to reform their economies, are adding to doubts about the willingness of the commercial banks to increase their lending as the Baker initiative demands.

To this discouraging external environment Mr Conable must add questions about the morale of the Bank's staff and the need for management reforms (new proposals for a streamlining of the staff are under discussion) and the deepening doubts shared by some senior officials about how its role is evolving. Is it succeeding in developing lending programmes which make the best use of its expertise and which make it a valuable partner for developing countries, with something different to offer from the International Monetary Fund? Some observers in Washington feel that the jury is still out on this issue although others argue that the Bank's role in Nigeria, for example, is an encouraging sign.

The World Bank's finances are strong, and its lending rates have fallen consistently since 1982 in a far from stable world financial environment. It has succeeded in helping to put Africa's woes on the world agenda and in helping to alert African countries to the need for change in their economic policies. Moreover, its new president is a man, who, while he has a lot to learn about the institution and a reputation to build on the world stage, is perceived to have the intellect, drive and independence of mind to provide leadership. But he clearly faces some tough decisions, one of which may be to argue with the man who appointed him that further modifications to the Baker debt strategy may be unavoidable.

Stoltenberg refuses to ease fiscal policies

By Rupert Cornwell in Bonn

MR Gerhard Stoltenberg, the West German Finance Minister, yesterday ruled out any easing of Bonn's strict fiscal policies, insisting that public spending would stay under tight control not only in 1987, but in the years beyond as well.

A defiant Mr Stoltenberg, presenting the 1987 draft budget which was formally approved by the cabinet earlier this week, also took the opportunity of rejecting the continuing pressure from abroad – notably from the US – that Bonn should use the base provided by its massive external surpluses and zero inflation to act as "locomotive" for the world economy.

"It would not help other countries," he said, "if we accepted a sharp increase in public borrowing to help produce a short-term acceleration of growth." West Germany, Mr Stoltenberg argued, had laid the foundations of a durable, self-sustaining upswing.

"What is in our vital interest," he added in a clear reference to the US," is that nations with excessive budget deficits of their own continue the process of putting their own houses in order, and thus contribute to reducing the risks facing the global economy."

He denied that the tiny increase in public borrowing contained in next year's budget, to DM 24.3bn ($11.2bn) from DM 23.7bn in 1986, implied any change of direction. It had been caused, he said, not by the 2.9 per cent rise in planned expenditure to DM 271bn, but by a sharp drop in expected revenue. This derived from a sharp drop in remittances expected from the Bundesbank and the DM 20bn tax cut package being phased in between 1986 and 1988.

The most controversial aspect of the measures endorsed by the cabinet, which go before parliament this autumn, is the decision to sell off central government's holdings in the Volkswagen car company and the energy conglomerate Veba.

Together they have a market value of almost DM 5.4bn, and will constitute virtually all of the DM 4.5bn the government reckons to raise from privatisation in 1987 and 1988. But the plans have come under heavy fire from the political left and from the trade unions.

BP to sell a third of Standard Oil's industrial operations

BY WILLIAM HALL IN NEW YORK

STANDARD OIL, British Petroleum's majority-owned US subsidiary, has put up for sale about a third of its industrial operations in a move to streamline its business and improve profitability.

The Cleveland-based group said yesterday that it had retained First Boston, the New York investment bank, to help it find buyers for several subidiaries which "do not have a strategic fit" with other parts of its business operations.

The businesses to be sold are Dorr-Oliver, Pfaudler, Electro Minerals and Proppants. They have a combined turnover of 420m, employ 5,300 staff and are not particularly profitable.

The decision to sell the businesses follows a wide-ranging review of Standard Oil's operations by the new top management team which was put in place by British Petroleum earlier this year. Mr Bob Horton, a former managing director of BP who took over as chief executive of Standard Oil on April 16, said yesterday: "Standard Oil plans to gain at least as much value from selling these diverse businesses as it would by retaining them."

Standard Oil refused to disclose how much it expected to raise and said it had set no deadline for the sale. Mr Horton described the businesses to be sold as "viable enterprises with strong competitive positions". Most of the businesses were showing improved results in 1986 and could prosper under buyers who were able to respond to their needs, said Mr Horton yesterday.

The disposal of a large part of Standard Oil's barely profitable industrial operations is the latest sign of the new management team's efforts to get to grips with the company's problems, which include a relatively high cost structure during a period of depressed oil prices.

Earlier this week Standard Oil announced a reorganisation of its exploration and production operations which will mean the loss of 550 out of 3,650 jobs at Standard Oil Production Company, based in Houston. The company has also reached a tentative agreement with the unions at its lossmaking Kennecott cooper mining operations.

If accepted by the workforce, this will result in substantial wage concessions in return for Standard Oil's agreement to go ahead with modernisation and re-open its Bingham Canyon mine, the biggest copper mine in America.

Dorr-Oliver, based in Stamford, Connecticut, is the biggest of the businesses up for sale. It consists of three groups: Liquid-Solid Separations, which serves a range of industries ranging from pulp and paper to food processing; Keeler/Dorr-Oliver, which designs and manufactures industrial fluidised-bed boilers; and Commercial Filters, which manufactures a wide range of industrial cartridge filters.

Pfaudler, based in Rochester, New York, is the world's leading manufacturer of glass-lined steel reactor vessels, and Electro Minerals is the largest North American producer of silicon carbide and aluminium oxide for use in the abrasives, refractory and metallurgical markets. Proppants, based in Dallas, manufactures a product used to enhance the productivity of deep oil and gas wells.

Fox urine trapped in a bear market

By David Owen in Chicago

WITH PRICES for agricultural commodities depressed across the board, the recession in the US fox urine market is perhaps to be expected.

An increase in the number of producers, declining demand from fur trappers – the major end users – and the absence of a government price-support programme in the largely unregulated marketplace have combined to send prices crashing.

A gallon of fox urine, which three years ago would have fetched $17–$18 wholesale, now sells for $8 to $12, according to Mr Larry Rickard of New York-based Pete Rickard, one of the country's largest animal urine dealers.

"If urine gets much cheaper, it won't warrant the handling cost," complained Mr Dan Aeschleman, an Illinois farmer and one of the largest domestic producers in the $250,000 a year market.

Mr Aeschleman sells his fox urine for $5 to $6 a gallon, little more than a third of its value in the boom days at the start of the decade.

Analysts estimate that fox urine currently has an 80 per cent to 90 per cent share of the 25,000 gallons a year domestic animal urine market. In addition to fox trappers, deer hunters have recently turned to fox urine as an inexpensive substitute for skunk essence. Both groups use the substance to cover human scent.

In spite of this extra market, overall consumption has fallen in line with a decline in the fur trade. Small export markets exist in Japan, Canada and Norway but Richard estimated these account for less than 5 per cent of sales.

Mr Aeschleman keeps his 1,000 foxes in pairs in small enclosures. Urine is channelled from collecting trays into screened 5-gallon buckets. The only additive in his finished product is a dash of bacteria-killing preservative, the formula of which is a zealously guarded trade secret.

The urine is sold in 4oz bottles through specialist outlets. There are about 50 main distributors.

Producers have had to resort to rigorous quality control to prevent prices falling further. "I meat feed my foxes," said Mr Aeschleman. "It gives the urine a stronger odour than using commercial pellets because of the higher protein content."

The only premiums available are for "hot" urine produced by vixens in heat. Experts say this sells for up to double the normal rate due to its effectiveness as a lure for errant males.

If the recession continues, Mr Aeschleman fears that production cuts may be the only answer. However, he does have one eye firmly fixed on diversification. Prime candidates are the low volume, but under-supplied, bear and elk urine markets.

Brokers fear Big Bang will eclipse bourses

BY ALAN CANE IN LONDON

A MAJORITY of Continental European stockbrokers believe that their national stock markets are likely to be outstripped by London after Big Bang later this year.

Most think that their local bourses will be eclipsed as deregulation and new technology gives London the edge when markets and leading securities houses move to 24-hour trading.

These are some of the major conclusions of a survey of stockbrokers from seven European stock markets – Amsterdam, Frankfurt, Madrid, Milan, Paris, Stockholm and Zurich – published in the latest issue of Online Finance, a newsletter covering new technology in the finance industries.

One Paris broker said: "The continental bourses seem destined to remain national in size and scope, whereas London will become more outward looking and grow much faster."

Of all the brokers surveyed, 47 per cent thought that more of the companies listed on their national exchanges would be encouraged to seek a London listing after deregulation, with only 23 per cent disagreeing. The rest had no opinion.

Most significantly, less than 30 per cent of the sample thought their own stock markets had responded adequately to the changes taking place in London either by introducing regulatory changes of their own or by making technological improvements.

Most brokers thought that the introduction of London's new computerised information systems Seaq and Seaq International would enhance London's position as Europe's premier exchange, but they were less impressed by its settlement systems.

Asked what technological changes were necessary to prevent trade slipping to London, 33 per cent of brokers said better trading systems, 25 per cent better information systems and 20 per cent better settlement systems.

Conable rules out write-downs

Continued from Page 1

Bank loans but that the conditions would only stick in the long term if they were acceptable to the borrowing countries." Economic growth depends not just on the imposition of conditions but the acceptance of conditions," he said.

Questioned about the current Mexican debt problem, he said that the initiatives to overcome it "must spring from Mexico itself." Asked what might happen if this does not take place, Mr Conable said: "I am unwilling to face the possibility that Mexico will be suicidal in her economic intentions."

On recent Congressional opposition to World Bank agricultural lending in Brazil, he strongly supported the banks loans there. Improving the agricultural sector was one of the best ways of raising the per-capita income in developing countries, he insisted, and could lead to increased food consumption and imports.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	27	81	Bournemouth	F	25	77	Malta	S	27	81	Rhodes	S	26	79
Algiers	–	–	–	Edinburgh	F	19	66	Manchester	F	21	70	Rio de Jo	C	32	90
Amsterdam	S	[illegible]	[illegible]	[illegible]	S	26	79	Manila	C	32	90	Rome	S	27	91
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Readings at mid-day yesterday. C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Tax change fails to dent gilts

FEARS that the final abolition of British capital gains tax on Government securities would lead to a bout of selling failed to materialise yesterday, **writes Nick Bunker in London.** Instead, medium and long-dated gilt prices staged a rally with increases ranging from ½ to ¾ of a point.

Stockbrokers' analysts were divided about the impact of the change in the tax regime, which took effect yesterday and means that gilts bought within the past 12 months can be disposed of without a capital gains tax charges.

Earlier this week, there had been forecasts that the change would lead to net selling by institutional investors previously subject to capital gains tax on their gilts holdings but now able to take profits more freely.

Mr John Buck, a gilts analyst with James Capel, the London stockbrokers, said yesterday's rally occured because institutional investors, primarily insurance companies, had been planning to switch from short-dated to longer dated gilts but had been held back by fears that prices would fall due to yesterday's tax change.

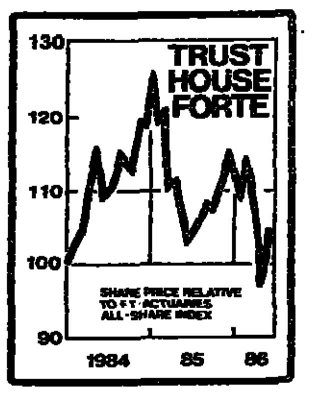
"When the absence of selling appeared, switching produced quite a strong rally," he said.

Mr David Wileman an economist and gilts analyst at Capel Cure Myers, the stockbroker, said reasons for yesterday's rally were difficult to find, but may have reflected the recent rise in US government bond prices.

THE LEX COLUMN

Trusthouse Mezzoforte

Couched somewhere in the middle of yesteday's interim statement from Trusthouse Forte is a piece of information so ignominious that the Fortes must regret their excursion into equity accounting. The share of profits from a subsidiary company (thought to own a hotel in the Strand) grew by 25 per cent while the pre-tax performance of Trusthouse itself fell by nearly 10 per cent, to £36m.



Admittedly, the period included for the Savoy ended in December, some time before the dollar fell to bits and the entire United States started muddling Broadway (Worcs.) with Benghazi. The effect of this national stay-at-home only began to work through in March, leaving two poor months to drag down Trusthouse's London average occupancy rate by a full 5 percentage points. And if London is down, Paris is out.

Operational gearing in London is very high, especially after a year of record occupancy, but Trusthouse appears to have been quite successful in unwrapping cancelled tours and parcelling out the rooms at rack rates. Achieved room rates in London should still be ahead for the year while the provincial hotels are still getting volume increases except, perhaps, in the really insecure places like Stratford.

The market misjudged these results almost to a man and Trusthouse's share price fell 6p to 168p. It is unlikely to fall auch further: this is no 1981 recession, asset values are safe so far and Trusthouse should still make a few million more this year than last – though even the 5 per cent increase in interim dividend looks quite generous. The million lost American sleepers may take a year or two to recover, but meanwhile the catering division is still powering ahead and Trusthouse should have made some progress in sorting out its US hotel presence and made a start on its Italian expansion.

J. Rothschild

Shorn of all the global financial service ambitions that took it into investment banking, life assurance, stockbroking and venture capital, J. Rothschild Holdings is a rather tame animal these days – an investment trust without the status. Indeed, the crucial figure, assets per share, depends as heavily on the success of the equity retirement programme as on the dealing in other shares which constitutes the main group activity (nearly 70 per cent of continuing profits).

With an average buying-in price of 105.9p, Rothschild found good use for £70.6m of cash. With no ACT liability triggered by purchases below 107p, and some cover afforded by mainstream tax, the repurchases have been an effective lever under the remaining assets; a 30 per cent growth in assets per share over the year to March is respectable. But this is a process that lacks something for romance.

Dixons/Woolworth

The first City of London mega-bid to end in the escape of the intended victim – Woolworth – may possibly mark a change in the balance of power between bidders and defenders. But probably it is not such a change that the bid-arbitrage merchants need pack their carpet bags tomorrow. The failure of Dixons' attempt to take over Woolworth does owe something to an alteration of the atmosphere: the ban on catchy advertising has made it much harder to create a band-waggon for the bidder, and while the market is in general rather closer to realistic values, it is far enough off the boil to make takeover paper less attractive than it was on the way up. But Woolworth can also attribute its survival to some defensive assets that most other targets have lacked.

Among large takeover candidates, Woolworth was probably unique in the compactness of its share-register, and in the brevity of its history under the present structure. However, little weight the Paternoster circle of investors placed on their loyalty to the Woolworth management, the fact that Woolworth Holdings is the product of a recent and successful institutional buyout must have made it harder for Dixons to win the arguments. Those were, in any case, finely balanced. From an institutional viewpoint, the offer probably represented no more than the discounted value of the price that Woolworth was expected to achieve over the next couple of years – not really enough to precipitate the change. The risk of allowing Dixons to dilute itself had to be discounted too.

Looked at from the morning after, to give the Woolworth management a new mandate is only to serve notice that it will now have to perform. There is enormous leverage to increased retail sales, but Woolworth must now prove that it can exploit it, well enough to justify the commitments to remerchandising and refitting the stores. The clock ticks.

Barker & Dobson

Barker & Dobson's most recent reincarnation has been almost as spectacular in share price terms as that of the late seventies. But in none of Barker's many lives can as bold a deal have been attempted as yesterday's proposed purchase of Budgen from Booker. If successful, Barker will gain the respectability of a £100m market capitalisation, and with that the chance of escaping the grave for rather longer than usual, if not for good. Barker's new form will bear little resemblance to the old, and the end result is a quoted company largely consisting of Budgen.

The acquisition's financing is hardly timid, either. Last November's eight-for-25 rights was as nothing compared with this five-for-two issue billed as an opportunity for existing shareholders to participate in the new development; a vendor placing would have been impossible. It is more a chance for investors, especially the institutions in their ranks, to build a new personality cult in backing the latest board's food retailing ability. It will have to work hard to squeeze enough extra from Budgen to justivy the purchase price of 20 times earnings. Those wishing to commit capital to the sector might prefer more established businesses on similar ratings.

JOBS

What society won't pay for racial fairness

BY MICHAEL DIXON

HOW MUCH is a principle worth? *I ask because of a decision* reached by an official Industrial Tribunal a few days ago on a tenet of Britain's law against unfair discrimination on grounds of racial origin.

The principle is that it is no *less illegal* to practise such discrimination indirectly as it is to do so directly. Consequently, if a job-selection requirement used by an employer is to be legal, it must satisfy one of two main conditions.

The first is that it should refrain from stacking the odds against any particular racial group. For example, the percentage of—say—the Indian community capable of meeting the requirement must not be appreciably less than the percentage of the general population who are capable of meeting it.

If the requirement is racially biased, however, the employer must show that it is justified in some other way. The main *ground for justification implied* by the law is that the requirement should be demonstrably relevant to the work concerned, in the sense that people failing *to meet the criterion would* be distinctly unlikely to be competent workers.

The employer accused of indirect racial discrimination in *the case just decided by* the Industrial Tribunal was the Civil Service, in the specific shape of the Department of Health and Social Security. But the implications of the suit *extend to other public- and* private-sector employers even though it was finally rejected by the tribunal.

The reason is that the judgment suggests that before long, albeit not now, recruiters will be banned from "screening out" job-applicants who do not satisfy *broad educational criteria such* as five pass-grades in the school-leaving examinations at 16-plus, two passes in the Advanced-level exams, or even a degree.

As it happens, the case also has a particular interest to the Jobs column. *For the story* behind the suit began with an article printed in this corner of the Financial Times perhaps somewhat longer ago than most readers will remember. The date was February 10 1977, just a couple of months after the Race Relations Act was passed.

The article pointed out that the Act might well outlaw the use of five 16-plus exam passes and the like as a selection requirement.

Employers who screened out applicants by such criteria were clearly infringing the *stipulation against stacking the* odds against particular racial groups. It was, and still is, a matter of public record that the percentage of people with *any given number of exam* passes at any level is smaller among some sections of the community than it is among the public as a whole.

Consequently recruiters were *risking legal challenge if they* rejected a member of any of those sections because he or she fell short of the exam-pass requirement. In which case, it seemed there would be an obligation on the recruiter *ultimately to demonstrate that* possession of the stated number of passes was necessary for competence in the work concerned.

Inconsistent

The trouble is that it would be hard if not impossible to demonstrate any such thing. *The reason for the difficulty is* a technicality of the methods used in awarding pass grades in the academic exams, which means that the actual level of *academic attainment needed for* the award of any given grade is liable to vary not only from subject to subject, but also from year to year and from one exam*ining board or university* to another.

The fact that the academic exam grades are prone to vary has since been officially confirmed, for example, in speeches made by the former Education Secretary Sir Keith Joseph. And the variances will not be ruled out by the changes to the 16-plus examining system scheduled for 1988.

As a result, broadly stated criteria such as five pass-grades can scarcely be said to represent *a constant standard of* anything, and so can hardly be *necessary to proficiency in a job.*

Besides pointing out the legal shakiness of what remains a common recruitment practice, the 1977 article speculated that even the civil servants who framed the Act might not have *spotted the threat to the ex*aminations' status as a prime *aid to getting a job.*

That speculation turned out to be right. Within days of the article's appearance, a mandarin penned the first of a whole *wodge of memos* that were eventually presented by the Civil Service to the tribunal trying the case. The mandarin wrote that the risk I had outlined was certainly a possibility, but it was a very remote possibility.

It nevertheless occurred late in 1984 when a lady of Indian origin named Mrs Roy, who had qualified as a state enrolled *nurse, was twice turned down* for clerical jobs with the Department of Health and Social Security in the Ilford area of London. Although she was aged *about 41, she was rejected* because she did not have the equivalent of five pass-grades at 16-plus.

She decided to take the de*partment before an Industrial* Tribunal under the indirect discrimination clauses of the Race Relations Act. The outcome was a four-day hearing in which Mrs Roy's two representatives were *usually outnumbered* at least three to one by assorted mandarins, and on one occasion by more than seven to one.

The most surprising aspect of the Civil Service's defence is that it fully conceded two important points of fact. One was that the use of the exam-grades *criterion is indirectly* discriminatory on racial grounds. The other was that ability to meet the criterion is not necessary to successful performance of the work in question. Whitehall departments employ many clerical officers *who fall short* of the exam requirement—people who are registered as disabled, for instance—some of whom have done well enough to *be promoted.*

But the mandarins still maintained that the use of the discriminatory requirement was justified.

In doing so, they had to be wary. A previous judgment under the Act had ruled that such requirements could not be justified by the simple fact that *they are convenient.* So the Civil Service had to find other grounds to plead.

The one that they hit on, and which was finally accepted by the tribunal, was that the use of the exam-passes criterion is *permissible for reasons of* "speed and economy." Which of course raises the question of what ways "speed and economy" can be said to be different and more acceptable than "convenience."

Part of the answer seems to be that the tribunal was much influenced by the mandarins' *argument that it would be costly* to abandon the broad educational requirements *for entry,* and replace them with some less discriminatory selection method such as aptitude tests.

Here the Civil Service was *on safer territory because in* 1985 the House of Lords ruled that "economic considerations were capable of amounting to justification." So how much is the principle worth?

The amount that the tribunal decided the principle was not worth in Mrs Roy's case was *an estimated £7.45 of extra ex*penditure for each candidate considered. Since Whitehall does a lot of recruiting, however, the individual costs *would total "well over a* million pounds and possibly £2½m or more."

Even so, that surely seems a small sum for which to refuse to outlaw *a device for dis*criminating unfairly on racial grounds. And the insidiousness of permitting the continued use of the device is in no way lessened by the tribunal's warning that "it may well become *increasingly difficult*" for the Civil Service, and by implication other employers, to justify screening out applicants by exam-pass criteria in future.

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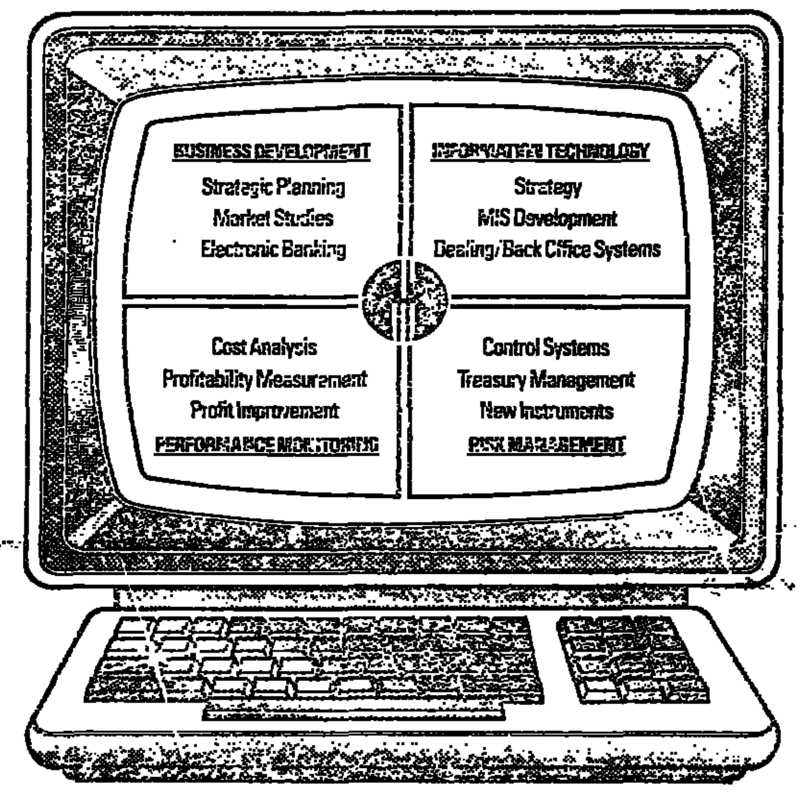

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Risk Controller

Chase Manhattan Securities, part of the Chase Manhattan Corporation, has one aim in London: to become, quite simply, the best securities house in the market.

A key part in our future success will be played by the Risk Controller, a newly-developed role within the Financial Controller's Department of the Firm. A skilled and expert analyst of the trading and currency markets, you will examine financial statements on a daily basis, identifying and evaluating areas of possible risk, in order to warn management and ensure that timely and effective remedial action is taken.

Although you will have unlimited access to up-to-the-minute financial data, you should also have the ability to act on your own initiative, reacting to any new situation swiftly and incisively.

For a role of such importance, we are clearly looking for an outstanding combination of attributes. You will not only have the analytical ability and self discipline essential for accurate monitoring of the markets – you should also have the strength of personality to argue your case, sometimes with the highest levels of management.

Your background might well include knowledge of investment banking, but this is not essential. What is more important is your enthusiasm for and understanding of the financial markets, a high level of education – probably to MBA standard – and the potential, ambition and drive to participate fully in the Bank's future product developments.

This is a highly demanding role, both technically and intellectually. For the candidate who can meet the challenge, the benefits are outstanding and the salary will meet your expectations.

Apply in writing to Tim Summers, Personnel Manager, Chase Manhattan Securities, Woolgate House, Coleman Street, London EC2P 2HD.

CHASE

Opportunity in International Credit

An opportunity exists to join the Credit Department of Salomon Brothers International Limited which is the leading entity in Salomon Inc's development of its global securities activities. These activities range over a wide spectrum of country, corporate and product risk. The existing Head of Credit is looking for an associate who will work with him in the continuing development of comprehensive credit limits and controls with respect to the international business of Salomon Inc. The function is of a broad and diverse nature, covering the analysis and review of existing exposures, evaluation of new counter party risk, analysis of new products and a wide range of related activities.

The position requires well-developed analytical skills, 3-5 years experience on the credit or lending side of a major commercial bank, and above average levels of communication and presentation skills. Educational background is most likely to include a university degree, MBA, professional qualification or equivalent.

The position involves regular contact with a wide range of departments and individuals within the Company, at all levels of seniority. It is an exciting opportunity to join a rapidly growing business in a highly visible and important role.

Salary will be negotiable, and will include a full benefits package.

Please write to:– Pandit Crite, quoting ref (IC), Salomon Brothers International Limited, One Angel Court, London EC2R 7HS, England.

Applications will be treated in the strictest confidence.

Salomon Brothers International Limited

Loans Manager

up to £14,000 p.a.

We are looking for a manager to develop and implement a capital financing strategy for the Council. It is anticipated that improved management of the Council's £100m loans portfolio will result in significant savings. The person appointed will

- prepare and recommend to the Borough Treasurer a borrowing strategy that meets the Council's objectives
- monitor daily the Council's cash flow and take appropriate action to borrow or repay short term loans to the Council's best advantage
- arrange the borrowing of long term loans, leasing and other sources of funds

If you can demonstrate the ability to undertake the above and reduce the Council's costs we would like to hear from you.

Further training may be available to suitable applicant and the Council offers generous relocation expenses up to £3,750, full reimbursement of removal expenses, lodging and travel allowances. Temporary accommodation may be provided in approved cases. Mortgage assistance given

Please telephone Brighton (0273) 29801 Ext. [illegible] for further details and an application form to be returned to the Borough Treasurer, P.O. Box 4, Town Hall, Brighton, BN1 1JR by 18th July 1986.

For a discussion about the post please telephone Graham Cook, Chief Budget Officer on Brighton (0273) 29801 Ext. 8131.

Borough of
Brighton
Brighton is a nuclear free zone.

MANAGING DIRECTOR

RURAL WEST MIDLANDS

SALARY c.£35,000 + BENEFITS

Our client, one of the most successful developers and operators of specialist retail centres in the United Kingdom, is seeking an ambitious and entrepreneurial Managing Director to lead a highly professional management team in a programme of expansion, culminating in a stock market flotation.

The successful candidate will report directly to the joint chairmen, and will be an experienced executive with a strong marketing background and extensive knowledge of retail operations. In addition to the basic salary, other benefits appropriate to the post including share options will be provided.

The position is a most attractive and challenging one, and will be of particular interest to those in the age range 35-45 who can demonstrate:

- a successful track record
- excellent man management and organisational skills
- commercial awareness
- willingness to work exceptionally hard.

Those who consider themselves able to meet these criteria should apply in writing for an application form quoting reference TMG/MSD/JHC to: J.H. Cumming Esq., Executive Selection Division.

PEAT MARWICK

Peat, Marwick, Mitchell & Co.,
45 Church Street, Birmingham B3 2DL.

International Financial Planning Manager

c £20,000 + car

Our client has responsibility for the worldwide subsidiaries of an international organisation which is a leading supplier of communications systems and equipment.

Based in the Home Counties to the West of London, they need a qualified accountant to manage and coordinate the financial planning and control of functions in subsidiary operations in Europe and Australia.

This is an important position in a fast moving industry. It calls for a positive personality, as well as financial acumen and experience of analysing budgets, accounting reports and financial performance data.

You will need an industrial background, preferably with experience in an international organisation, and be prepared for occasional overseas travel for short periods. For the right person, approximately 30 years of age, career and management prospects are excellent. The benefits package includes a car, BUPA, pension and life assurance schemes.

Please write, quoting ref. 4417, enclosing full cv and details of current salary to Sarah Bryson, Moxon Dolphin & Kerby, 178-202 Great Portland Street, London W1N 5TB. Please state in a covering letter any companies to whom your application should not be forwarded.

MOXON DOLPHIN & KERBY LTD EXECUTIVE SEARCH & SELECTION

Management Consultancy

Prospective Partner

London Based

A long-established practice seeks an experienced consultant capable of becoming part of the top management team following a short period of induction. This is an exceptional opportunity in an organisation where promotion is normally based on career development within the firm.

The successful candidate will be a chartered accountant, aged between 30 and 45, with a good degree, preferably with a minimum of five years previous consultancy experience, and an ability to sell himself/herself and a range of professional services. He/she should have some specific consultancy experience (perhaps in human resource planning, marketing or manufacturing systems) and also be able to demonstrate all-round ability in counselling small and medium sized businesses. In addition, he/she should be capable of leading teams working for major corporate and public sector clients.

The required standards are high and the rewards will be generous. The remuneration package will include a high quality car, top-hat pension scheme and permanent health and life insurance. Please write in confidence to J. D. Vine (Ref. MC/3), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Replies will be passed to our client and if there are any businesses to whom you would not wish your details to be sent please indicate this separately.

VINE POTTERTON
RECRUITMENT ADVERTISING

Portfolio Manager

London – Mayfair **£35,000+**

Our client, an established and successful UK licensed dealer in securities, whose shareholders represent a cross-section of prominent businessmen and institutions from the Middle East, the United States and Europe is seeking to appoint a Portfolio Manager to manage client funds in excess of $50 million, mostly of a capital preservation nature.

Candidates, probably in the age range 28-35, must have at least five years experience in fixed income portfolio management including Eurobonds with a solid track record of performance.

This is a challenging career opportunity that is likely to appeal to someone currently working in pension fund portfolio management and the total remuneration level will be high enough to attract the most outstanding candidates.

Please reply in strictest confidence, enclosing full C.V. and details of current earnings plus photograph to Michael Berger F.C.A., Managing Director, ERI Executive Resources International, Management Consultants, 87 Jermyn Street, London SW1Y 6JD.

ERI

PUBLICATIONS

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Freelance Commissioning Editor required by the Countries Group at The Economist Publications Limited, to commission and edit approximately five annual commodities reports. Would suit experienced soft commodities specialist or agricultural economist.

Please apply with handwritten letter and full CV to:
Angela Mackworth-Young, Personnel Manager
THE ECONOMIST PUBLICATIONS LIMITED
40 Duke Street, London W1A 1DW

هكذا من الأصل

International Fund Management and Marketing

The expanding Investment Management arm of a major International Bank based in the City, seeks the following executives:

Financial Services Marketing Executive

to £35,000 basic

This appointment, which will be up to Associate Director level, will involve international travel and marketing our client's institutional multi-currency debt fund management services.

Applicants will have knowledge of the bond markets and experience either of fund management or marketing financial services. They are likey to be aged between 28 and 34 and educated to degree level; languages will be an advantage.

International Debt Fund Manager

c£30,000 basic

Our client requires an experienced multi-currency bond fund manager to help manage the assets of major international institutions, concentrating on single and multi-currency bond portfolios.

The successful candidate will be required to produce succinct investment reports and present these to clients. Aged 26 to 30 years and educated to degree level, applicants must have three years bond fund management experience.

A very competitive remuneration package is offered, which includes bonus, company car and substantial banking benefits.

Please contact Timothy R. Wilkes or Nick Root, at 39/41 Parker Street, London WC2B 5LH. (Telephone 01-404 5751).
All enquiries will be dealt with in strictest confidence.

Michael Page City
International Recruitment Consultants—London Brussels New York Sydney
A member of the Addison Page PLC group

PRIVATE CLIENT FUND MANAGERS
LONDON AND EDINBURGH

Charterhouse Investment Management is a company with ambition and a track record of success. We have fund management operations in London and Edinburgh, and offices in Glasgow, Manchester and Birmingham. We have off-shore fund management in Jersey, Geneva and Nassau.

Our Private Client Portfolio management operation now plans to add to its team in both London and Edinburgh.

We are looking for enthusiastic young investment professionals in the age range 27-35 with a good academic background and a better than average performance record gained in the last 3-5 years as a Private Client Portfolio manager.

You would be joining an experienced and talented team whose success in developing the business to date now necessitates these appointments.

As an expanding and ambitious company we offer you excellent opportunities for professional development with a remuneration package to match.

Written applications in the first instance should be made to:
John McCarthy, Personnel Manager,
Charterhouse Investment Management,
6 New Bridge Street,
London EC4V 6JH.

CHARTERHOUSE
A MEMBER OF THE ROYAL BANK OF SCOTLAND GROUP

International Treasury

to £30,000
Surrey

This international service group continues to lead the world in terms of its size and turnover. With operations in over 100 countries worldwide and an ongoing centralised cash flow equivalent to US$260m, the necessity for effective treasury management is paramount.

To head up their international treasury function they now seek a treasurer who will have worldwide responsibility. For this high profile appointment you should be a qualified accountant, preferably ICMA, although this is not a bar to other qualifications. Most important however, will be the experience of having managed, at a senior level, the running of an international treasury function.

Ideally candidates will be aged in their late 20's or early 30's and will be looking to make the move to run their own department. Personal qualities of stamina and energy will be valued highly, as will well developed personal and negotiating skills. This job is unique in being able to offer a significant amount of international travel within our client's organisation.

The remuneration package will reflect the importance of this position and will not be a limiting factor for the right candidate.

Candidates interested, who possess the relevant qualifications and experience, should write enclosing a full CV and salary details, quoting reference MCS/1012 to:
Michael Madgwick
Executive Selection Division
Price Waterhouse
Management Consultants
No 1 London Bridge
London SE1 9QL

Price Waterhouse

Institutional Sales

Make Your Name In A Specialist Team Ranking Number One In Its Sector

Backed by the top analytical team, this is an opportunity for a young salesman (male or female) to specialise in one of the best performing sectors in the market. There is strong growth potential both because of forthcoming major flotations and our client's pre-eminence. The firm is one of the city's leading stockbrokers and has recently joined one of the world's largest financial groups.

The firm's institutional services are provided by specialist teams of analysts and salesmen. This team is led by the sector's top rated analyst and comprises another outstanding analyst and a senior salesman. Excellent results have been achieved from the present client base and your role will be to develop new clients.

Candidates should have a good degree and some previous institutional sales experience from any sector of the industrial equity market. The preferred age range is 25-35.

There is an outstanding salary and benefits package which includes a company car and subsidised mortgage.

To apply, please write with a curriculum vitae to John Sears, Cavendish Court, 11-15 Wigmore Street, London W1H 9LB, or telephone 01-629 3532.

John Sears

General Manager-Trading

Worldwide travel from an Antwerp base

This recently established and very entrepreneurial group, which specialises in trading tobacco worldwide, has diversified into other trading areas by creating a new company.

A trader with a very significant level of experience, ideally in chemicals, foods or agricultural products, and assured man-management skills, flair and initiative, is needed to control, motivate and extend the existing team and achieve the rapid profitable growth and development of a general trading and specialised countertrade business.

You will have enormous scope to build the company as you see fit with considerable financial backing from the group.

Fluency in English is essential.

Salary will be made attractive to high-calibre candidates. Appropriate benefits will be provided including generous removal assistance.

Initially, please send full cv, in confidence, to David Bullock, Ref: GMC3/9929/FT.

PA

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Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Ernst & Whinney
TREASURY CONSULTANCY

Age 28+ London Based £25,000+Car

We are a major worldwide force in Management Consultancy and wish to strengthen what is already one of the UK's most talented and broad-based consultancy teams.

Our clients cover the whole business spectrum from the largest multinationals and Government organisations to new ventures and private businesses.

Our immediate requirement is for outstanding, ambitious graduates with corporate treasury experience and a proven track record in:

Risk Management
Foreign Currency and Cash Management
Dealing Operations
Planning and Information Systems
Systems Development

Experience in the following industries would be particularly relevant:

Financial Services Sector
Retail
Oil/Chemicals
Manufacturing

So, if you are interested in the opportunity of joining a firm, "poised for growth," and would thrive in a demanding, enthusiastic multi-disciplinary team, write to Paul Mason, Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU, quoting reference R.3800.

Ernst & Whinney
Accountants, Advisers, Consultants.

FINANCE DIRECTOR

Swansea **£25K neg**

MONO EQUIPMENT LIMITED is the UK's leading manufacturer of bakery equipment for in-store and small family units. Founded in 1954, it has grown steadily to its present turnover approaching £7M. The Board now wishes to appoint a Finance Director.

The successful candidate will be a qualified accountant with industrial experience — preferably manufacturing. The emphasis is on business dynamics and costings rather than financial accounting. He or she will be a tough and determined leader with a considerable capacity for hard work. Age not a significant factor.

Salary negotiable around £25K. Car and all running costs. Pension. Generous assistance with relocation if necessary. Confirmation of directorship expected within six months.

Please write with appropriate details to David Mackintosh, Manager–Human Resources, 3i Consultants Ltd, 5 Victoria St, Windsor, Berks, SL4 1EZ. Quote Ref: DM/605.

3i Consultants Ltd
Human Resources Division

TREASURY/FOREIGN EXCHANGE

Cross Market Exploitation £35–£40,000
A newly aligned investment bank, seeks to appoint an innovative banker with treasury trading experience, and direct knowledge of currency risk management utilising the swaps, options and futures markets. Working alongside the treasury director, the successful candidate will be responsible for exploiting opportunities generated by the flexibility of the new financial instruments. *REF:-MB29*

Senior Trader ECU £30–£35,000
Investment Bank. A Senior Trader is sought to run the ECU Desk and speculative trading book, together with responsibility for short Date Money Market Instruments. *REF:-MH12*

Accountant — Foreign Exchange c£27,000
Investment Bank. A qualified Accountant with minimum 2 years post qualification experience, preferably with Foreign Exchange exposure. *REF:-CM3*

Spot Cable/DM Trader Sal. neg.
Progressive European Bank seeks a dealer with 2/3 years experience trading Spot Cable/DM, to join an established team in a semi-senior role. *REF:-MH14*

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Senior Loans Admin	to £12,000
Advances Officers (A.I.B.)	to £12,000

Please Phone:
Mike Pope or Chris Wingfield
01-247 8314
Bank Chambers
2nd Floor, 214 Bishopsgate
London EC2

CJA

RECRUITMENT CONSULTANTS
35 New Broad Street, London EC2M 1NH
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

Senior appointment for Controller with vision to take charge of the Bank's accounting, operations and DP departments. Likely to be appointed to Executive Director within 1-2 years.

CJRA

FINANCIAL CONTROLLER – MERCHANT BANK

CITY — **CIRCA £60,000 BASIC + EQUITY INCENTIVE**

PROMINENT MERCHANT BANK, WITH EMPHASIS ON TRADING ACTIVITIES

We invite applications from financial controllers, who are likely to be Chartered Accountants, aged 33-45, who must have gained sufficient experience, either with a merchant bank or leading US investment house, in at least two of the above department functions and have a good understanding of the other. The selected candidate, who will report to the Managing Director, will be responsible in this new position for: the smooth operation of foreign exchange, eurobond and equity settlements; the timely generation of financial, management and regulatory reports, budgeting and treasury control; and for the co-ordinated development of appropriate data processing systems. This will be achieved through a constant process of assessing requirements, recommending action and the innovative and effective implementation of these plans. Essential qualities are the strength of character to achieve goals and to integrate three departments (totalling approx. 100 staff) harmoniously, plus the ability to 'run your own show' and to make a significant contribution to bank strategy. Negotiable base salary plus excellent benefits including company car, mortgage subsidy and scope for share option. Applications in strict confidence under reference FCMB17996/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager **C.J.R.A.**

Highly responsible Vice President level appointment in fast expanding organisation – scope for career development within this or other markets.

CJRA

NEW BUSINESS EXECUTIVE – AIRCRAFT FINANCING

LONDON — **£30,000–£35,000 + INCENTIVE BONUS + CAR**

LEADING US FINANCIAL INSTITUTION – ALREADY A KEY PLAYER IN THIS MARKET

We invite applicaitons from asset financing specialists, aged 28-35, who must have had at least 3 years' demanding experience in leasing/large ticket financing with aircraft funding exposure or one or other of these backgrounds. Spoken French and/or German will be an added advantage. The selected candidate, who will report directly to the Head of the Aerospace unit, will be responsible for: generating leads with other banks/leasing brokers and directly with carriers; analysing credit; structuring transactions; ensuring approvals are obtained; negotiating documentation and closing the deal. Approximately 25% overseas travel should be expected. Essential qualities are a subtle blend of understanding customer needs and translating those needs to the banks maximum advantage by being an effective transaction closer. Initial salary negotiable £30,000 – £35,000 plus a profit related bonus which will be tailored to attract the best talent available, plus car and full range of generous fringe benefits. Applications in strict confidence under reference NBE 17978/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: **C.J.R.A.**

A key position with scope to move into senior management in 4-5 years.

CJA

SENIOR CLIENT LIAISON OFFICER – METALS

LONDON — **£26,000–£35,000**

EXPANDING INTERNATIONAL METAL TRADING AND BROKERAGE COMPANY

This position calls for candidates, aged 28-38, who have acquired a minimum of 4 years' client liaison experience, gained either on the IME or in a commission house in the non-ferrous metals area. Responsibilities will include:- managing client liaison department reporting to Director of Trading, acting as account executive, increasing existing client business and developing new business, maintaining close contact with overseas offices and with LME dealers. Periodic overseas travel is envisaged. A quick, accurate, flexible mind together with good administrative skills plus the ability to work effectively under pressure with a fast moving team is important. Initial salary negotiable, £26,000 – £35,000 plus car, non-contributory pension sceheme, life assurance and private medical health plan provided. Applications in strict confidence under reference SCL 04432/FT, to the Managing Director: **C.J.A.**

Opportunity to acquire Board level experience in the short term.

CJRA

FINANCIAL CONTROLLER

ESSEX — **£20,000–£28,000**

GROWING INTERNATIONAL MANUFACTURING COMPANY., T/O C. £20 MILLION WITH SUBSIDIARIES IN IRELAND AND U.S.A.

Applications are invited from Accountants (A.C.A., A.C.C.A.) aged 26-40 with a minimum of 3 years' post qualification experience which must have been gained in either industry or commerce. Reporting will be to the Finance Director. The successful applicant will take the overall responsibility for the Group's accounting and financial function including subsidiary and parent accounts, Foreign Exchange and cash flow management and the financial dimension of the Group's manufacturing and sales activities. *An experienced and efficient team already exists and the successful candidate will be able to count on good* support in executing his/her responsibilities. Remuneration is negotiable £20,000 – £28,000 plus car, contributory pension, free life assurance, free BUPA, assistance in relocation expenses if necessary. Applications in strict confidence under reference FC17958/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager: **C.J.R.A.**

35 NEW BROAD STREET, LONDON EC2M 1NH. TELEPHONE: 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.
ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT PLEASE TELEPHONE: 01-628 7539.

NEW INVESTMENT OPPORTUNITIES

South Coast

Since relocating from the City two years ago, Abbey Life Investment Services have operated successfully in Bournemouth and now manage over £3bn funds for Abbey Life Group plc. Due to increased business and fund expansion we are creating 4 new posts to further strengthen our team:

PORTFOLIO MANAGERS

Two experienced portfolio managers are required — one to manage a UK Equity portfolio, the other to play a major role in asset allocation decisions in the Managed Fund Portfolios. Applicants should have a good degree and at least 5 years investment experience.

INVESTMENT ANALYSTS

We are also seeking to recruit two Investment Analysts — one to work on UK Equities and one in International Securities. In addition to specific sector responsibilities the jobholders will also assist in managing a portfolio. Applicants should have a good degree and around 2 years investment experience.

For all these positions, we guarantee an interesting and demanding job. The people appointed will be given as much responsibility as they can handle, and the prospects for career development are first class. They will also join an enthusiastic team who already value the quality of life in Bournemouth.

As well as a competitive salary, substantial benefits including mortgage subsidy and a full relocation package will be given.

Please send a full c.v. or telephone for an application form to:

Michael Rose,
Personnel Department,
Abbey Life Assurance Co. Ltd.,
80 Holdenhurst Road,
Bournemouth BH8 8AL.
Tel: 0202 292373 ext. 3465.

Abbey Life

Senior Equity Sales

Highly competitive benefits package

Greenwell Montagu & Co, a subsidiary of Samuel Montagu & Co, and part of the Investment Banking Sector of the Midland Bank Group, is currently preparing for an expanded role in the UK and international equity markets after October.

SAMUEL MONTAGU

As *one of the* largest UK brokers, with a broadly based business across all sectors, Greenwell Montagu has developed an aggressive business plan. To service our investment client base, we will be a leading market-maker after October, and have already put in place an extensive market-making team, with a presence in all UK and selected international sectors, and drawing upon a wide range of experience and trading skills.

To support and exploit this market-making resource, and to capitalise on its high standing in UK equity research and distribution, our Equity Division now wishes to recruit a small number of experienced senior sales executives, to undertake UK and European equities distribution, working alongside the existing team leaders.

If you have a proven record of achievement in UK and/or European equity sales, and wish to be part of a highly professional team with the resources and commitment to succeed, call or write with brief personal details to:

John Finch, Head of Equity Sales,
Greenwell Montagu & Co,
Bow Bells House, Bread Street, London EC4M 9EL.
Tel: 01-236 2040.

Greenwell Montagu & Co.

Financial Controller

Central London

To £30,000 + Car

The food processing industry is going through a period of rapid and fundamental change offering exciting opportunities for those companies which can adapt to the new requirements of the market. Our client is committed to being one of those companies.

Already one of the leaders in its sector of the industry, with annual sales approaching £200m and a network of strategically sited plants, our client is actively engaged in a major reorganisation to maximise the opportunities available to it.

Critical to their plans is the appointment of a high calibre Financial Controller as a key member of the senior management team. Reporting to the Chief Executive, you will be responsible for all the Financial and Accounting aspects of the business. This will initially involve a heavy commitment to the development of improved budgetary control and cost monitoring systems, and the provision of rapid and meaningful management information in a decentralised computer-based accounting environment.

Applicants must be Qualified Accountants, aged 35-45, with several years broad based experience including production cost control in food processing/manufacturing. Indepth experience of computer-based systems is essential.

The position calls for someone with sound commercial awareness, drive and commitment and there will be ample opportunities as a member of the senior management team to make a major contribution to the company's prosperity and development.

The company offers a fully competitive salary and an attractive package of benefits. *Reasonable access to the M1 is important* and relocation assistance will be available if required.

Please send concise details, including current salary and daytime telephone number, quoting reference B2001, to W S Gilliland, Executive Selection Division,

Grant Thornton
Management Consultants
Fairfax House, Fulwood Place, London WC1V 6DW.

FINANCIAL PLANNING

Douglas Deakin Young, independent financial advisers, are retained by over 50 major UK companies. We provide individual financial counselling for staff at all levels and give corporate advice on a wide range of tax, pension and employee benefit problems.

Applicants in their late 20s are being sought to join our highly professional consultancy team from a background of pensions, personnel, tax, insurance or related areas. Candidates may already *have previous experience in financial planning.*

The salary will be around £17,500 plus car, and applicants should write in strictest confidence enclosing their curriculum vitae to:

Louise Botting, Managing Director
DUOGLAS DEAKIN YOUNG LTD
7/9 St. James's Street, London SW1A 1EE

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C H BEAZER (HOLDINGS) PLC

Managing Director designate

In conjunction with its subsidiaries, **Beazer Homes Ltd.** and **French Kier Ltd.**, intend to increase its residential refurbishment and renewal activities in London. **A Senior Executive** with proven experience in this type of work is required to lead a newly created organisation. It would be the intention that the chosen candidate was appointed **Managing Director designate.**

Salary and conditions will be by negotiation, but for the right candidate, they are unlikely to be a limiting factor, and will include generous salary, incentives, car, pension and other fringe benefits.

Apply in writing in the first place to:
Mrs S McDowall, C H Beazer (Holdings) PLC,
2 Midland Bridge Road, Bath BA2 3EY

BEAZER HOMES Beazer — FK FRENCH KIER

Senior Equity Analyst Portfolio Manager

Salary Negotiable

Sun Life of Canada, one of the world's largest life assurance companies, has over £1 billion of assets under management in the UK, including some £450 million in equities. The range of funds is expected to increase substantially over the next few years and our highly successful investment team is now expanding.

We are seeking somebody, probably aged 25-30, who has relevant practical experience as an equity analyst and who is looking to take on portfolio management responsibilities in the near future.

Company benefits are excellent and include a subsidised mortgage scheme and non-contributory pension scheme.

If you are interested, please send a detailed curriculum vitae to:—

Susan Hanington, Employment Adviser,
SUN LIFE ASSURANCE COMPANY OF CANADA
2, 3 & 4 Cockspur Street, London, SW1Y 5BH
Telephone: 01-930 5400 Ext 121

SunLife of Canada

STOCKBROKING OUT OF TOWN

We are a major firm of stockbrokers with a long standing reputation in private client fund management and research. Our private clients business is expanding rapidly and we require a number of self-motivated individuals with stockbroking experience to work in some of our out of London offices. If you believe that you have the necessary motivation and experience send your C.V. to:

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London EC4P 4BY

A FRESH START FOR SUCCESSFUL BUSINESS PEOPLE

Hill Samuel Investment Services Limited is a leader in providing its clients with a complete business and/or personal financial service. *Personal portfolio management*, offshore investments, unit trusts, pensions, mortgages and tax planning are just some of our areas of involvement. We recognise that it takes a very special person to explain these services and to advise our clients on how best to manage their money successfully.

If you are aged between 25-55, self-motivated and enjoy dealing with people, that person could be you.

If you are looking for an opportunity to develop a new career, talk to Hill Samuel.

Contact K. M. D. Usher at
29 Queen Anne's Gate, London SW1H 9BQ
Tel: 01-222 4858

DIRECTOR GENERAL

CBI

Confederation of British Industry

Sir Terence Beckett intends to retire at the end of 1986 after completing over six years in this post.

CBI is the major representational organisation of British business both at home and abroad. Through its dealings with Government and important national and international organisations it exercises a powerful influence on the whole climate in which business operates.

The Director General is the Chief Executive of CBI and plays the pivotal role in:

- ☐ Development and negotiation of policy
- ☐ Communication with Government, other organisations, business and the public at large
- ☐ Leadership and direction of the permanent staff

Candidates will be experienced executives who have reached a distinguished position in business and are deeply committed to the need to enhance the success of British industry across a broad front. They will be exceptionally able advocates, both through the media and in private, with a deep understanding of Industry and Public affairs. Their age is less important than energy, foresight and the intellect not only to identify objectives but also to see the means by which they can be achieved.

The salary will reflect the importance of the position and will be fully appropriate to one of the most senior and influential positions in business.

Those who wish to be considered, or who would like to nominate a candidate, are asked to write or telephone in total confidence to the management consultants advising on the appointment.

The Chairman
Spencer Stuart & Associates Limited
Brook House, 113 Park Lane,
London W1Y 4HJ
Telephone: 01-493 1238

Dealers

Stock Exchange — £High

Charterhouse Tilney, the stockbroking arm of Charterhouse plc, itself wholly owned by the Royal Bank of Scotland Group plc, is currently expanding its London institutional sales operation and is recruiting two additional dealers.

Candidates will have at least two years' experience and the necessary drive and determination to succeed in this *highly competitive and demanding environment.*

This opportunity offers the chance to join an established/forward thinking group with a reputation of the highest quality.

Remuneration packages *will be competitive and commensurate with age and experience.*

For further information telephone **Nick Root** on **01-404 5751** or write to him at Michael Page City, Investment Division, 39-41 Parker Street, London WC2B 5LH. All enquiries will be dealt with in strictest confidentiality.

MP

Michael Page City
International Recruitment Consultants–London Brussels New York Sydney
A member of the Addison Page PLC group

european consultancy – defined

mechanism, *mi-kan'izm, n.* operational procedures: Coopers & Lybrand Associates Europe, a dynamic element of one of the world's largest management consultancies, was established 2 years ago to provide a European-wide consulting service for its clients.

mirror, *mir-er, v.* the rapid growth of our European operation into one of the most substantial consultancies in Europe reflects the growth in demand from companies increasingly seeing Europe as one market.

matrix, *ma-triks, n.* our structure, which allows us to field teams of consultants to meet client needs in the areas of manufacturing and distribution, financial services, information technology, corporate strategy and economic studies.

mainstay, *man-sta, n.* our consultants and those qualified professionals we seek to contribute to our future European growth, success and reputation.

master, *ma-ster, n.* aged between 28 and 40, certainly a graduate, and a European or U.S. national, you will probably have a technical and business related qualification as well as being multi-lingual to respond to the exacting demands of the consulting challenges across Europe, both within and outside the E.E.C. **past master,** your track record will show your expert abilities to analyse problems, devise solutions and manage major projects successfully.

muster, *mus-ter, v.* in a complex and challenging environment, you will be called upon to work with major European and international clients: **mustering forces** to provide unique and creative solutions.

magneto, *mag'ne'to, n.* energetic, enthusiastic and aggressive, you will be confident in dealing with all levels of senior management and in implementing agreed proposals.

multi-positions, *mul-te-pozi-shonz, n.* vacancies exist in a number of our offices throughout Europe – in Frankfurt, Paris, Amsterdam, Brussels, Lyons, Stockholm, Zurich, Basel, Milan and London at a variety of consultancy levels.

medal, *med'l, n.* you may expect an excellent remuneration package in line with your abilities: relocation expenses will be provided, if appropriate.

myriad, *mir'i-ed, n.* if you feel certain you can rise to the **myriad of opportunities** and see this as an exciting career progression, we would like to discuss with you the possibilities of a leading consultancy rôle with Coopers & Lybrand Associates Europe. Send a full career resumé, quoting reference CLAE 1, to John Pendlebury, Coopers & Lybrand Associates Europe, Plumtree Court, London EC4A 4HT.

Coopers
&Lybrand

SENIOR FX DEALER

A European Bank is seeking someone to fill their senior foreign exchange position. Candidates should have a broad-based experience in both the spot and forwards markets. Salary is negotiable.

SPOT DEALER

An active international bank offer a sound opportunity for a young spot dealer to join their existing team. The appointee will have had at least two years experience in most major currencies. Salary to c£25,000 aae.

FORWARDS DEALER

This bank, an established European, is seeking a forwards dealer with two to three years experience. A sound knowledge of the cable market would be preferred, but any other European currency would be acceptable. Remuneration package will be c£25-30,000 aae.

FUTURES TRADER

Our client, a 'blue chip' British merchant bank, seek an experienced financial futures trader. The biggest trading contract is the treasury bond. Some knowledge of the deposit market and CD's is also essential. Salary will be c£30,000 aae.

OPTIONS TRADER

Our client is currently expanding its dealing area in the City. They are now seeking an experienced options trader to set up and run their desk. Financial futures experience would also be beneficial. This position has very good prospects. Salary is negotiable.

Roger Parker Organisation
65, London Wall
London EC2 5TU
01-588 2580 Telex 8811725 CITLONG.

FX, TREASURY AND CAPITAL MARKETS RECRUITMENT SPECIALISTS

Specialist Stockbroking

Brewery Sector

Our client is a major international securities house, which has, among its *objectives, market leadership in its* areas of specialisation.

To achieve this, experience has shown that a team approach is essential. Our client is now assembling such a team, to produce and market high quality research into the United Kingdom and European brewing and related industries. It has vacancies in:

Research

Expertise in either stockbroking, accountancy, or within the brewery industry would be valuable. However, our client is keen to consider anyone who believes themselves capable of producing lucid, numerate and, above all, interesting research.

Sales

While those who can demonstrate a good stockbroking record may be preferred, applicants with several years business experience and good communication skills could prove equally suitable.

This is a priority project in our client's business objectives and competitive, performance-related remuneration packages will reflect this.

If you are interested to know more, please write in the first instance with full c.v. in strictest confidence to: Sarah Bryson, Moxon Dolphin & Kerby, 178-202 Great Portland Street, London W1N 5TB. Please quote ref 4416 and list any companies companies to whom you do not wish your application sent.

MOXON DOLPHIN & KERBY LTD EXECUTIVE SEARCH & SELECTION

Manager Operations & Accounting

City — c.£32,000 + benefits

An overseas Bank, long established in its domestic market, proposes to establish a Branch operation in London in order to expand its international activities.

Key personnel are being recruited to prepare the Branch for opening. The Operations & Accounting Manager will be a key member of the new management team principally responsible for the implementation of sophisticated computer based accounting and management information systems as well as the establishment of efficient and effective systems and procedures and the recruitment of staff.

Following the establishment of the Branch the position will carry day to day responsibility for operations, accounting and administration.

Candidates should have experience of international banking operations, be fully conversant with computer based accounting and management information systems and preferably have experience of setting up banking operations in London.

Remuneration will be negotiable and will include the usual range of banking benefits.

Please write in confidence, enclosing full career details and quoting reference 3397/L to M. R. P. Blanckenhagen, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Commercial Manager

circa £25,000+Car+Benefits

A fast growing service sector Company within a major blue chip organisation seeks the unobtainable.

We require a young (26-32) qualified accountant or MBA to give dynamic leadership to our sales administration, audit and management accounting teams and take the lead in a major computerisation project.

You will have drive, enthusiasm and highly developed interpersonal skills, coupled with the necessary analytical ability to support the rapid growth and continued success of the business.

Interested? Send a full C.V. outlining success in your career to date to Lynda Threadgill, Austin Knight Advertising UK Limited, Knightway House, Band Lane, Egham, Surrey TW20 9NX, quoting reference ACY 628.

Applications are forwarded to the Client concerned, therefore any companies in which you are not interested should be listed in a covering letter.

Austin Knight Advertising

FINANCE DIRECTOR

LONDON — TO £40,000 + CAR

Our client, an integral part of a multinational group, seeks to strengthen its general management team by the appointment of an able and ambitious Finance Director aged 35-45.

The company, with extensive interests in the media sector, is highly profitable and has considerable scope for continued successful expansion.

The ideal candidate will be an imaginative, entrepreneurial accountant who can demonstrate relevant achievement within media, publishing or associated industries and can help to accelerate the growth of an already dynamic business.

Please reply in confidence in writing with full career details and a daytime telephone number to D.E. SHRIBMAN.

HUDSON SHRIBMAN
THE COMPLETE FINANCIAL SELECTION SERVICE
Vernon House, Sicilian Avenue, London WC1A 2QH. Tel: 01-831 2323

Managing Director

South Wales — c.£28,000 plus car

Our client, a high profile service organisation, is entering a significant new phase in its development.

A managing director is sought with the appropriate combination of management skills and commercial awareness to meet the challenge created by change.

Applicants will have a strong financial background ideally with an accounting qualification, and be aged around 40. They must be able to demonstrate several years of senior management experience at policy making level.

Please write in confidence, giving full career details, to Mike Gostick, Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU, quoting reference F/466/G.

E&W Ernst & Whinney

Accountancy Appointments

Accountancy Appointments

Deputy to the Taxation Manager

Remuneration Package worth c. £25,000

The Mercantile & General, the largest International Reinsurance Company in the U.K., has an opportunity for an individual possessing a sound knowledge of U.K. income tax and corporation tax, with an accountancy and/or A.T.I.I. qualification, or technical training in the Inland Revenue.

The responsibilities will include providing assistance to and deputising for the Taxation Manager on a wide and interesting range of worldwide corporate tax matters generally and in particular relative to the insurance/reinsurance industry. The successful candidate will have a high level of personal initiative and will become involved in group as well as company taxation affairs.

In addition to a competitive salary, this position offers a company car, low interest mortgage facilities, bonus, free life assurance, non-contributory pension scheme and free medical insurance.

Please write giving full details of your current qualifications and career to date to the:
Assistant Personnel Manager,
The Mercantile and General Reinsurance Co. plc,
Moorfields House, Moorfields,
LONDON EC2Y 9AL.

Finance Manager

C. London

£18,000 to £26,000 + Car

This exciting opportunity has arisen within one of the major international professional practices. The Management Consultancy Division provides a diverse range of consultancy services to clients representing all sectors of industry, commerce and government both at home and abroad.

The continuing growth of the consultancy requires a creative Finance Manager to prepare and present management information to the partners and senior management. The Finance Manager would also manage a small accounts team and upgrade computerised accountancy systems.

Candidates must be graduate qualified accountants (ACA, ACMA, ACCA) probably aged 25-30, who are used to working to tight deadlines within a growing organisation. They must be good communicators, commercially aware, and have the enthusiasm to manage within a changing and challenging environment, and to act on their own initiative.

Please write, stating any organisation to whom your details should not be forwarded, and enclose a full resumé quoting reference 110 to
Nigel Hopkins FCA,
97 Jermyn Street,
London SW1Y 6JE.

Cartwright Hopkins
FINANCIAL SELECTION AND SEARCH

Chief Accountant

City — **£25,000 + banking benefits**

Our client, a large German bank, is seeking a Chief Accountant for its London branch. The branch is currently expanding rapidly and wishes to strengthen its management team.

Reporting to the Operations Manager, the Chief Accountant will supervise a small team and will manage the branch accounting function. Main responsibilities will encompass the production of annual balance sheets, profit and loss accounts, and regular management reports. Foreign exchange valuation, taxation and financial planning will also be included in the role.

This opportunity will appeal to a young, qualified accountant who has already gained some experience in a financial institution, preferably a bank, and is now keen to expand his or her responsibilities. Knowledge of German is essential.

Candidates should have excellent verbal and written communicative skills, be adaptable and able to combine an attention to detail with a creative approach to problem solving. The remuneration package includes basic salary and particularly generous banking benefits.

Please reply in confidence, enclosing career details and quoting reference 7048/L to
Claire-Marine Francois-Poncet,
Executive Selection Division,
Peat, Marwick, Mitchell & Co.,
165 Queen Victoria Street,
Blackfriars, London EC4V 3PD.

PEAT MARWICK

EQUITY TAX PARTNER FROM £40,000

FCA's 35-45 — **Leeds**

Our client is a "top eight" firm of chartered accountants seeking an immediate equity tax partner to take responsibility for the development of the Leeds tax practice.

Candidates (male or female) will probably already be tax partners in a "top 20" firm of chartered accountants or exceptionally be senior tax managers approaching partnership in a major practice. Ideally candidates will have a mixed corporate and personal tax background but with the emphasis on corporate tax planning experience and tax practice development.

Current clients range from public companies in banking, textiles, construction, engineering and brewing to fast growing family businesses and associated high net worth individuals.

This is an excellent opportunity to take immediate responsibility for the development of an established tax department and its planned rapid growth.

For more information, please contact George Ormrod B.A. (Oxon), or Stephen Hackett B.A. (Oxon) on 01-836 9501 or write with a copy of your C.V. plus tax technical C.V. to Douglas Llambias Associates Limited at our London address, quoting reference No. 6843.

410 Strand, London WC2R 0NS. Tel: 01-836 9501
163a Bath Street, Glasgow G2 4SQ. Tel: 041-226 3101
India Buildings, Water Street, Liverpool L2 0RA. Tel: 051-227 1412
113/115 George Street, Edinburgh EH2 4JN. Tel: 031-225 7744
Brook House, 77 Fountain Street
Manchester M2 2EE. Tel: 061-236 1553

DOUGLAS LLAMBIAS
Douglas Llambias Associates Limited
Accountancy & Management Recruitment Consultants

Manager Finance and Administration

London Bridge — **c. £27,000 + car**

This independent private occupational pension fund specialises in providing pensions with security and high returns for employees of voluntary organisations. Total assets are around £150 million and the client base has grown to over 1,000 organisations and around 8,000 contributors.

As assets under management and contribution income expand there is a need to develop more sophisticated management reporting, cash management and business systems. Reporting to the Fund Director, you will provide substantial input to the strategic planning and policy decisions. Managing a staff of 16, you will have full responsibility for finance, management services, personnel and computer services.

To fill this role, you should be a qualified accountant with good commercial skills and man-management experience, whose early career has been spent in an environment using advanced management information systems. Initiative and an orientation towards customer service is also essential.

Salary is negotiable around the level indicated plus senior executive benefits.

Please send a cv including current salary, in confidence, to Barbara Lord, Ref: AAB2/9943/FT.

PA Personnel Services

Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

GROUP ACCOUNTANT/ FINANCIAL CONTROLLER

International Trading Group with offices in Spain, West Africa, the Middle East, U.S.A., requires for their London based offices in Park Lane, a group accountant/financial controller.

Must be able to deal with all area of accounting including *preparation of statutory accounts, management accounts,* projections, strategic planning, investment appraisal, etc.

Aged 30-45, a qualified Chartered Accountant preferably a graduate with an organisational capability and willingness to travel. Must have first hand experience in International trading, exposure to export documentation and computerised systems. Experience within the oil, petrochemical or related industries would be relevant. *Knowledge* of Spanish an advantage.

Salary negotiable. Excellent promotional prospects due to the Group's tremendous expansion potential.

Please reply in confidence enclosing career details to:
MANJOO & CO
CHARTERED ACCOUNTANTS
76 NEW BOND STREET
LONDON W1Y 9DB
Quote Ref: RM/B100

Enterprising Young Accountant

Birmingham — **c£18,000**

Our client, one of the most prestigious stockbroking firms outside London, is continuing to expand its wide range of financial services, and now wishes to appoint an Accountant to assist the *Finance and Administration Partner.*

Candidates, male or female, should be graduates aged between 24 and 30, ideally with two to three years' post qualifying experience as Accountants, and have a strong interest in corporate financial services. The personal characteristics necessary to succeed within such a 'Blue Chip' environment are equally important.

The salary package is open for negotiation and will include the normal range of pension benefits.

Please write in confidence, initially with brief details, and quoting reference 1618 to John Anderson, as Advisor to the company, at:

Deven Anderson & Associates
(Incorporating John Anderson & Associates)
Executive Search & Selection
Norfolk House, Smallbrook Queensway,
Birmingham B5 4LJ.

BIRMINGHAM · LONDON · NEW YORK · LOS ANGELES · NEW JERSEY

Assistant to Group Financial Accountant

Over £20,000 — **London**

The Wellcome Foundation Limited, the major operating company of Wellcome plc, with sales exceeding £1000m and profits in excess of £120m, *was recently the subject of a Stock Exchange quotation. This, plus* continual expansion has created the need for a challenging new appointment within the Group Finance Directorate. The range of duties includes the development of American S.E.C. reporting and the provision of assistance with the Group's annual and interim figures, the development of accounting policies, and pension fund matters.

Candidates will be graduate Chartered Accountants aged 27-30 ideally at *Assistant Manager* level in one of the major firms in public practice. Candidates who have supplemented their professional experience in an industrial role are also welcome.

The appointment is headquarters based, currently *in London but* with relocation envisaged — probably S.W. of London. The package includes a salary in excess of £20,000 p.a. including London allowance, pension, BUPA, 5 weeks holiday and relocation expenses where applicable.

Curricula vitae indicating salary progression in strict confidence to Bernard L Taylor M.B.I.M., quoting reference 6872 or telephone for a Personal History Form.

MERVYN HUGHES
Mervyn Hughes International,
Management Recruitment Consultants,
37 Golden Square, London W1R 4AN
Telephone: 01-434 4091

YOUNG CHARTERED ACCOUNTANT

FARNBOROUGH, HANTS — *c. £18,000 + CAR*

ADP Financial Information Limited is a new joint venture company which has been formed by Mercantile House Holdings plc and Automatic Data Processing Inc. to provide value added information to the financial sector. The services of the company are based on products sucessfully marketed by ADP in the US.

The company wishes to recruit a young ambitious chartered accountant to implement and maintain the financial accounting systems of the company.

Reporting to the Administration Manager, the successful applicant will work with little supervision to provide timely, orderly and meaningful financial information. The brief will include the spectrum of accounting/financial disciplines and liaison with auditors, Inland Revenue and shareholders' accounting staff. Experience of client accounting would be a distinct advantage.

Applicants aged 23-27 must be able to demonstrate good financial accounting skills, micro computing experience and ability to communicate effectively.

Applications in writing to:
Mrs E C Dunn, Administration Manager
ADP Financial Information Limited
62 Cannon Street, London EC4

FINANCIAL PLANNER

City Based — **c.£18,000 + 25% bonus + car**

Over the past five years Bunzl has pursued an aggressive strategy of expansion in the U.K., U.S.A. and Australia through acquisition and organic growth which has led to a rapid increase in earnings. *The key task of the company's small central management team is to continue to build* on the success of this approach.

Reporting to the Group Strategic Planner, the prime responsibility of the Financial Planner will be to review the financial implications of major acquisition and capital expenditure proposals. *The successful candidate will also be part of the* small team responsible for the formulation of the Corporate plan and the annual appraisal of Divisional strategic plans and budgets.

The three previous holders of this position have been promoted internally within two years of appointment.

Applicants should be Graduate Accountants, aged 25-35, with at least two years post-qualification experience of an analytical nature. A full understanding of acquisition evaluation techniques is essential and previous experience in planning and financial modelling would be an advantage.

Please write with full career details to:

BUNZL
A. S. Knighton
Group Personnel Manager
Bunzl plc, Friendly House
21/24 Chiswell Street
London EC1Y 4UD

INTERNATIONAL FINANCE DIRECTOR

London based but requiring occasional international travel
c. £35,000/£40,000 plus Share Options plus Car

The Institute of International Research is a World-wide Group of Companies with an impressive record of successful expansion in the international field of conference and seminar organisation. The Group now wishes to create the new Board appointment of Group Financial Director who will be aged between 32 and 40, a qualified Accountant —or M.B.A.—and have experience of the corporate treasury function, flotations and trouble-shooting internationally when necessary. The New Finance Director wil have no staff responsibilities and will report directly to the Group Chairman. The successful applicant will be required to contribute to the Group's future expansion and will benefit accordingly.

Replies to:
S. McLennan, C.A.
Roberts, McLennan—Chartered Accountants
68 Chertsey Road, Woking
Surrey GU21 5BD

YOUNG DYNAMIC ACCOUNTANT

£15,000 p.a.

Expending Geological Service Company, active in both oil and mineral industry, based in West London, require an Accountant to report directly to the Managing Director.

Applicant will be fully responsible for providing financial information encompassing presentation of Management Accounts to the Board, liaising with Departmental Managers to improve divisional profitability.

The position is seen as an ideal first move away from the profession for an ambitious, newly qualified ACA or finalist interested in developing their career with this organisation, which hopes to seek a stock market listing within 3-4 years.

Please reply with full CV to Box A0190, Financial Times
10 Cannon Street, London EC4P 4BY

Accountancy Appointments

THE WINE SOCIETY
ACCOUNTANT
Negotiable from £18,000

The Wine Society, an independent century-old consumers' co-operative with over 60,000 active members, based in Stevenage, and with an annual turnover of over £11.0m., is looking for an ambitious accountant to progress his/her career in its growing organisation.

The accountant reports direct to the general manager and is a key member of the management team. The responsibilities include the preparation of accounts and timely management information, including budgets and forecasts, and the further development of systems. Modern information technology is employed.

The ideal candidate will probably be aged over 30, qualified ACA., ACCA. or ACMA. He/she should be a good communicator and skilled in handling people and should show initiative. The remuneration will reflect the potential of the candidate sought.

Applications, which should give full details of career to date and current remuneration, should be sent, quoting reference DF/2238, to Mr. P. E. Bailey, at:–

Dearden Farrow AIM,
Management Consultants,
40/43 Chancery Lane, London WC2A 1JJ.

AIM
Management Consultants

When your environment doesn't stand still neither do you.

Unique in the flexibility and range of its insurance services, Lloyd's market changes constantly to reflect current commercial forces. As the agency responsible for maintaining and enhancing the reputation of the market, our Regulatory Services Group moves swiftly to meet these changes.

This, together with our increasing commitment to self-regulation, creates a varied, absorbing and highly stimulating environment for the Accountants we now need at all levels, from newly qualified to those with several years' post-qualification experience.

Based in London, you'll play an active part in developing and monitoring the accounting and financial requirements to be met by Lloyd's brokers, underwriting agents and syndicates. In doing so, you'll capitalise on your technical knowledge and professional judgement to assess financial information, apply Lloyd's rules and carry out stringent investigative research. Not only will you gain broad, balanced experience across several key departments, you'll also enjoy early responsibility and excellent career growth as our expansion continues.

These are high profile roles calling for tact, diplomacy and determination plus accomplished communication skills. A flair for analysis and development work is important and experience of insurance markets would be useful.

Highly competitive salaries - ranging from £17,000 - £25,000 depending upon experience - are backed by generous benefits which feature a bonus scheme, free PPP and a non-contributory pension scheme. The more senior positions also attract a company car.

If you combine the personal and professional qualities we demand, respond positively to change and are keen to experience an environment which asks and offers more, please write with full cv to: Frank Abercrombie, Personnel Department, Corporation of Lloyd's, London House, 6 London Street, London EC3R 7AB.

LLOYD'S
of London

Ambitious Young Accountants

Age 28-35 **West London**

Our client is a major operating group within one of the UK's leading high technology companies. Continued expansion has created a number of key positions for achievement oriented graduate accountants with a minimum of three years post qualification experience in a market oriented industrial company.

Management Accountant
up to £20k + car

Reporting to a divisional controller responsibilities will include ongoing and non-routine project work capital appraisals, financial planning, forecasting monthly business analysis and commentary on operating company performance. There will also be a certain amount of detailed management accounting for one of the operating companies.

Financial Accountant
£16–£18k

The main function of this position, reporting to the Group Controller, will be the consolidation of divisional returns and the preparation of monthly and year end reporting packages and also the implementation and upgrading of computerised reporting systems.

Candidates must be qualified accountants with good technical accounting skills, the ability to communicate well at all levels and the flexibility to adjust quickly to a fast moving and rapidly changing environment. There are considerable promotion opportunities for achievement oriented individuals who are able to work successfully as part of a highly motivated and professional team.

Please send full CV quoting ref: 1688/59 to Peter Makin.

AAD
One Old Bond Street,
London W1X 3TD
01-499 8811

THE ADVERTISED APPOINTMENTS DIVISION OF OGILVY AND CO.

Financial/Accounting Opportunities

Derby

British Rail Engineering, one of Europe's largest Engineering organisations, is involved in the design, development, manufacture and maintenance of railway rolling stock and equipment. With a turnover exceeding £400 million and over 23,000 employees we operate competitively in world markets, exporting to over 30 countries.

Financial Controller

Reporting to the Finance Director (the post includes the Deputy role) you will be responsible for the efficient operation of the company's finance management information, financial planning, costing, budgeting, forecasting and investment procedures. It is unlikely that anyone with a current salary of less than £20k/annum will have the required experience. **Headquarters based.** Reference FC/3.

Works Chief Accountant

The post is that of Senior Financial Officer in a fully autonomous major works currently with £70m/annum turnover. Responsible directly to the Works Manager for efficient operation of the company's management information, financial planning, costing, budgeting, forecasting and investment procedures at Works level. It is unlikely that anyone with a current salary of less than £16k/annum will have the necessary experience for this challenging role. Reference FC/4.

These posts require experienced professionals – preferably with senior level exposure in a *manufacturing/engineering environment.* Applicants, must be able to communicate at all levels in the organisation and possess high inter-personal skills and strong self motivation.

Company benefits include free and reduced rate travelling facilities and contributory pension scheme with opportunity in certain cases to transfer existing pension rights.

Applications with full details of experience qualifications and present salary should be submitted within 14 days quoting the appropriate reference to: **HQ Personnel Manager, British Rail Engineering Limited, St. Peter's House, Gower Street, Derby DE1 1AH.**

BREL
BRITISH RAIL ENGINEERING LIMITED

Trainmakers to the world

FINANCIAL ACCOUNTING MANAGER

Rural Hampshire
to £23K + substantial benefits

The TSB Trust Company is the investment and insurance arm of the TSB Group. Success and growth are words synonymous with the Company and we are continuing to grow and be ever more successful. This growth obviously puts pressure on our financial reporting and as a result we now wish to appoint a Financial Accounting Manager.

You will be required to manage a Department of 13 people, both qualified and part qualified, ensuring that financial, accounting and other related Company and statutory reports are provided for the Board and other entitled parties. You will also be required to be involved in the development and implementation of accounting systems, the production of Company and statutory returns and the control and production of product profitability analysis.

This is an excellent career opportunity and candidates must have the ability to progress. We are therefore seeking a graduate with a minimum of 3 years post qualification experience ideally gained with a 'Big 8' firm. Due to the nature of the position good inter-personal and man-management skills are essential requirements.

In return, in addition to the package offered above which consists of basic salary and mortgage subsidy we also offer:

* Non-Contributory Pension	* Flexitime
* Christmas Bonus	* Full relocation
* Profit sharing	* Subsidised restaurant
* Free BUPA	* Sports and social club

If you think you have the qualifications, experience and drive for this demanding role, write or telephone for an application form to Bill Brewer, Personnel Resourcing Manager, TSB Trust Company Limited, Keens House, Andover, Hants SP10 1PG.
Tel. Andover (0264) 56789 ext 2174.

TSB
TRUST COMPANY

Partnership Accountant
Architectural Practice
up to £25,000

Our client is a well established, medium sized, West End partnership with four overseas offices. The practice income and the variety of work, indicates that a more formal approach to financial management is required, for both the United Kingdom and external businesses.

The successful candidate will assume responsibility as quickly as possible for:

- The construction and implementation of a management accounting and reporting system.
- Project costing, accounting and costs monitoring
- Credit control and writing fees notices.
- Financial planning.
- Day to day accounts management, partnership administration and Secretaryship.
- Computerised MIS installation.

The position will be initially at Associate level, reporting directly to a Senior Partner and presenting management information to the management board at regular intervals. Candidates must be ACMA or ACA qualified, at least, and preference will be given to those with experience of either a fast moving service industry background (design, advertising, publishing) or a partnership. Some knowledge of construction or surveying would be helpful but not vital.

Salary is negotiable, up to £25,000, with other benefits, and prospects are good with the possibility of a Director Partnership position in the next two to three years. Please apply in writing to Terry Fuller, quoting *reference LM55 at Spicer and Pegler Associates, Executive Selection,* Friary Court, 65 Crutched Friars, London EC3N 2NP.

Spicer and Pegler Associates
Management Services

The Municipal Journal Limited
Qualified Accountant - £18,000

This privately owned group of publishing and exhibition companies seeks a Qualified Accountant to join the accounting team. The post offers an ideal opportunity for a professional to move into commerce and provides considerable scope for initiative within an environment which is both friendly and expansion orientated. Candidates should have an up-to-date knowledge of statutory reporting requirements and the ability to deal with company taxation.

Please send your CV (marked "Confidential") to:

Ewen Stamp, Group Financial Director
THE MUNICIPAL JOURNAL LTD.,
178-202 Great Portland Street, London W1N 6NH.

Senior Financial Analyst

c.£22,000 + car **Essex**

A major British group with sophisticated reporting and control systems, has a vacancy in its small but highly professional Group analysis team. Assignments will include the review of major investment proposals, interpretative commentaries on financial plans, the measurement of group performance against competition and top level ad hoc exercises. The work is computer based and non routine.

This senior appointment calls for a strong but diplomatic personality, *considerable tact and the ability to develop new ideas.* Candidates aged 28-35 will be qualified accountants with a mature, innovative approach.

Salary is negotiable c.£22,000 and the package includes a fully expensed car, pension, BUPA, 5 weeks holiday and a first class relocation package. Prospects for advancement are excellent.

Applications in strict confidence to Bernard L Taylor MBIM, quoting reference 6870 or telephone for a Personal History Form.

MERVYN HUGHES
Mervyn Hughes International,
Management Recruitment Consultants,
37 Golden Square, London W1R 4AN
Telephone: 01-434 4091

Partnership Manager
Finance and Administration

c£20,000 + car **City**

For a well established firm of Consulting Scientists and Engineers who are specialists in their field and include Government Departments, National Industry Boards and major oil and insurance companies amongst their clients. The firm's head office is in London; there are two U.K. branch offices and a branch in Singapore.

Reporting to the partners you will manage the financial and administrative functions of the firm. Responsibilities will include the preparation of monthly and final accounts for the partnership and three limited companies; dealing with statutory requirements; advising the partners on legal and taxation matters; and personnel, office and premises management. The feasibility of computerisation will be an issue in the foreseeable future.

You are a Chartered Secretary, or hold a recognised accountancy qualification, with significant relevant experience. Ideally this will have been gained in another partnership or *a small to medium sized company. A good knowledge of taxation would be an advantage.* Preferred age range – mid thirties to early fifties.

Salary is for discussion as indicated. Benefits include Life Assurance and Private Health insurance.

Please write – in confidence – to Lesley Gifford ref. B.20196.

HAY-MSL Selection and Advertising Limited,
52 Grosvenor Gardens, London SW1W 0AW.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL

CHARTERED SECRETARY

FINANCE EXECUTIVE

EXCELLENT SALARY
AND BENEFITS PACKAGE OFFERED

We are a leading US designer and manufacturer of high performance data communications systems.

We are seeking a highly-motivated candidate for a key financial position at our European Headquarters in the UK.

The ideal candidate will be a Qualified Accountant with a minimum of 10 years' experience at Controller level in a computer-related electronics industry and possess a thorough knowledge of US accounting methods, regulations and procedures.

Please send full c.v. to Box A0196, Financial Times
10 Cannon Street, London EC4P 4BY

COMMERCIALLY AWARE CHARTERED ACCOUNTANT

Highly confident and ambitious MBA, now at the critical age of 38. Hands on experience in Corporate Finance and General Management. (Leisure & Food). Leading role in aggressive business sought.

Telephone 041-445 6699 (daytime)

Accountancy Appointments

FINANCIAL ACCOUNTANT

Belgravia

We are a growing international private group engaged in mainly food-based trading and manufacturing activities throughout the world.

Due to rapid growth an exciting opportunity has arisen in the London office for an ambitious Financial Accountant to join our young management team. The opportunity offers significant career development possibilities, and would ideally suit a newly qualified Accountant keen to apply his skills in an international commercial environment. The applicant would be responsible for all aspects relating to financial management and reporting including the maintenance and development of adequate microcomputer based systems and procedures. This is a developing role which will involve considerable contact with banks, clients/suppliers and auditors.

Due to the nature of the group's activities, the position requires a self-motivated starter, able to work with minimum supervision and a willingness to be involved in all aspects of the company's operations.
Remuneration package negotiable c. £17,000.
Written applications only with full CV to:

Mrs B. Storer
Inlaks (UK) Ltd
23 Chesham Street, London SW1X 8NQ

Group Finance Director

Surrey c.£40,000 + car

This substantial and rapidly expanding, private engineering group of companies with a £100m turnover, is engaged in manufacturing, civil engineering and contracting worldwide.

Following the Finance Director's retirement, a successor is sought who will work closely with the group's corporate board in maintaining tight financial and treasury management, and in achieving ambitious growth objectives which include: the expansion of the group's existing operations; further acquisitions; and a stock-exchange listing in the short-to-medium term. The finance function is well organised and staffed, and uses computer-based systems extensively.

Candidates should be qualified accountants who know The City and have wide experience at a senior level in engineering or contracting concerns with substantial overseas business. Those with experience of introducing a company to the stock exchange and the ability to negotiate major overseas contracts, raising the necessary finance and controlling the group's currency exposure worldwide, are most likely to meet the requirements of this challenging post.

The rewards comprise a salary negotiable around £40,000 plus benefits appropriate to a position at this level.

Please write with full cv which will be forwarded to our client unopened. (Address to our Security Manager if listing companies to which it should not be sent.)
Ref: R2120/FT.

PA

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Director

International Bloodstock

Berkshire — Terms negotiable

Our client, a major bloodstock group, has a strong international reputation with interests in England, Ireland and the United States.

Reporting to the Chief Executive this is a new position which carries responsibility for all aspects of the finance function. Initial emphasis will be on developing new computer based management information and reporting procedures and on cash management and control. You will work closely with professional advisers on insurance, property, legal and tax matters and there will be some overseas travel.

Probably in your late 30s or early 40s you should be a qualified accountant operating at or near board level, preferably in an international environment. Personality is as important as technical ability and you must be able to communicate successfully with people at all levels. An attractive remuneration package will be offered.

Please write in confidence to John Cameron, quoting reference C524, at 11 Gough Square, London EC4A 3DE (telephone 01-583 3911).

Chetwynd Streets
Management Selection Limited

Divisional Finance Director

Home Counties — £30-£35k including bonus

Our client is a major British Group operating in a range of service industries and now entering the most expansive phase of their history.

As part of the reorganisation to accommodate this growth, a £50 million turnover, profit accountable, Corporate Services Division has been created and an individual is now sought to head up the new Division's finance function.

The Finance Director will advise and work closely with the Divisional Managing Director but report functionally to the Group Finance Director. He or she will head a substantial department providing statutory accounting, management accounting, property and other services at Group, Divisional and Operating Subsidiary level.

Candidates, aged between 35 and 45, must be qualified accountants, preferably chartered, with experience of heading the finance function of a smaller plc or as deputy or subsidiary level controller in a large Corporation. They must be positive, commercial and have a proven record of successful financial management, ideally in service industry. This is a high profile role in a growth situation and offers outstanding career prospects to candidates of the highest calibre.

The attractive remuneration package includes a bonus, fully expensed executive car, pension and other major Group benefits appropriate to a senior appointment.

Please reply in confidence with full career details to M. P. Hann at Bull Thompson and Associates Limited, 63 St. Martin's Lane, London WC2N 4JX, quoting reference 1145.

Bull Thompson
CORPORATE AND RECRUITMENT CONSULTANTS

Group Financial Controller

East Midlands
c £22,000 + car

This medium sized family owned firm has a well established contracting business in the Midlands and a number of small companies providing a range of building services. Turnover is £12 million, employees 250.

They now require a dynamic Financial Controller who will be responsible to the Managing Director for all aspects of financial control throughout the group. Initial tasks will be to review and improve the present accounting systems. In addition the person appointed will have the exciting opportunity of contributing to the development of the business as a whole, through membership of its Executive Committee.

Applicants must be qualified accountants, preferably aged 30-40, who can demonstrate achievement and innovation in their previous positions. They should have solid experience of contract costing and management accounting, ideally gained in the construction industry. Important personal attributes include strong leadership qualities, commercial flair and the maturity to work as part of a small top management team.

Salary is negotiable around £22,000, plus an executive car and appropriate benefits. Career prospects are good and a share option will be offered after a qualifying period. Relocation assistance is available.
Applicants should write in confidence with career details, age and current salary quoting reference MCS/1992 to Geoff Firmin.

Executive Selection Division
Price Waterhouse Urwick
Management Consultants
Victoria House
76 Milton Street
Nottingham
NG1 3QY

Price Waterhouse Urwick

Financial Controller

North of England — £22,000 + car

Our client is one of the most prominent names in engineering, has a turnover of *circa* £50m and is part of a major and successful British group of companies.

Competing in a highly demanding international market, the company has been through a period of dramatic modernisation and change, and is well placed to meet the challenges of the future.

Resulting from the promotion of the present encumbent to a position elsewhere within the group, the company now wishes to recruit a financial controller. Reporting to the financial director, primary responsibility will be the enhancement of management information, the identification and pursuance of profit improvement opportunities, and the further development of financial /information systems. He or she will of course also be responsible for the management and integrity of basic financial systems and reporting.

The position will offer both opportunity and challenge to an innovative and energetic qualified accountant who enjoys working in an environment of continuing change. Aged 30 to 45 with a strong engineering background, applicants should also have a sound commercial orientation which is complemented by well developed powers of communication and strong personal presence.

The company is located within easy reach of delightful scenery and a wide choice of attractively priced housing is available, in both urban and rural settings.

Applicants should write in confidence to Mr. Timothy A. Elster, Executive Selection Division, Peat, Marwick, Mitchell & Co., City Square House, 7 Wellington Street, Leeds LS1 4DW, quoting reference No. L/611.

PEAT MARWICK

HEAD OF MANAGEMENT ACCOUNTING

Credit Suisse First Boston trade extensively in a wide range of financial products, including Euromarket securities, U.S. and U.K. government paper, financial futures and foreign exchange. Indeed, we are one of the world's most successful international investment banks and we have a vacancy for the position of Head of Management Accounting.

This is certainly one of the senior accounting positions within the bank. You will initially be responsible for controlling a team of seven people using highly automated systems for the accounting of the Bank's trading results and the preparation of both monthly management accounts and Bank of England returns. To head this team successfully, you will need a sound, personal understanding of traded financial products. We anticipate that you will be a Chartered Accountant with a minimum of 2 years experience of fulfilling a similar role within a major investment banking organisation.

With such a background, you will have developed strong management and communication skills and will quickly be able to gain the respect of senior management and staff. In return, we can offer an attractive remuneration package, including an excellent range of banking benefits, and genuine prospects for your career progression.

Please send a full c.v. to: R.B. Smith, Credit Suisse First Boston Ltd., 22 Bishopsgate, London EC2N 4BQ.

CSFB

Banking

City

Our client, National Westminster Bank, wish to strengthen further their group finance function by recruiting a number of high calibre Chartered Accountants. Excellent career opportunities exist to move into senior management positions.

Specialist Accounting Manager
£24,000 + car

The successful candidate will be responsible for establishing a new technical unit to provide an expert advisory service to senior management. Research will cover the changing aspects of accounting law and practice at an international level. Impact of changes on group companies will be analysed and reported through discussion papers.

Applicants must be qualified accountants in their late 20's with substantial technical accounting experience, preferably gained with one of the larger professional firms. Ref. 3506/3.

Financial Accountants
£19,000-£20,000

Two successful candidates will join the group consolidation function within the Financial Control Division. One candidate will support the Consolidation Accountant with the process and further development of the quarterly computerised consolidation exercise. The other candidate will participate in the preparation and submission of information to the Federal Reserve Board, the SEC and US rating agencies, under the supervision of the US Reporting Accountant. Both candidates will occupy development positions enabling them to make a recognisable contribution to financial control in the Bank.

Applicants will be young ACAs with one or two years post qualifying experience. Ref. 3506/4.

For each post the bank is looking for candidates with outstanding potential who wish positively to make a career in an international financial services group. In each instance the post offers, in addition to the basic salary package, a generous range of banking benefits including 30 days holiday per annum. Stimulating opportunities for career and remuneration progression are offered.

Please write in confidence, enclosing career details and quoting the appropriate reference number, to John W Hills, Executive Selection Division, Peat, Marwick, Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

AUDIT SENIOR

c£20,000 + Mortgage

A major career opportunity exists within Sun Life of Canada, one of the world's largest life assurance companies.

We are currently seeking a qualified accountant aged 25 to 30 to join the Internal Audit team based in the U.K. The Department's work covers every aspect of the Company's operations and he/she will be exposed to a wide variety of different functions.
Reporting to the Internal Audit Director, the successful candidate will be fulfilling an analytical and consultative role. He/she will carry out operational and financial reviews of new and existing systems in a complex computerised environment and will be expected to make recommendations to improve these systems.

We shall be looking for a minimum of three years' practical audit experience, either with a leading firm of accountants or a large organisation, coupled with well developed communication skills.

Our wide range of fringe benefits include a subsidised mortgage scheme, free lunches, flexitime, non-contributory pension scheme and relocation assistance. In May 1987 we shall be moving our British National Headquarters from offices near Trafalgar Square to Basingstoke, Hampshire, and the next few years will, therefore, provide fresh challenges as well as new career opportunities.

If you are interested, please contact:

Mrs Sue Hanington, Employment Adviser,
SUN LIFE ASSURANCE COMPANY OF CANADA,
2, 3 & 4 Cockspur Street,
London, SW1Y 5BH
Telephone: 01-930 5400 Ext. 121

SunLife of Canada

Commercial Director

c.£22K + Car — Home Counties

Part of a large, multi-national packaging group, our clients have a turnover in excess of £10m. and wish to appoint a Commercial Director who will report to the Managing Director.

A full member of the Board, you will have functional responsibility for the Purchasing and DP departments and will be required to ensure that Sales and Production receive full commercial support and that all areas of the company have sufficient financial information to accurately monitor performance against budget. Aged 28-40, you will be a Chartered Accountant, ideally a graduate, and will have had at least 4 years' experience in a senior financial role within a manufacturing organisation.

In return, and in addition to your salary, our clients can offer a wide range of benefits which will include pension, free life assurance, WPA medical cover and a generous relocation package where appropriate. For the right person, career prospects within the group will be excellent.

Please send a full CV, listing separately any companies to whom your application should not be sent, quoting Ref: FT/207 to:

Mark Cartmel, Riley Advertising Ltd.,
Rex Stewart House, 159 Hammersmith Road,
London W6 8BS.

Riley

ABERDEEN BIRMINGHAM BRISTOL EDINBURGH GLASGOW LIVERPOOL
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Accountancy Appointments

Liquidations Manager

Autonomy and Innovation

KMG Thomson McLintock are members of Klynveld Main Goerdeler, one of the largest accounting organisations in the world. Our Corporate Recovery service provides positive credit management and financial advice to a wide range of client companies. In this area, we have identified particular potential in liquidations, which we believe will form a significant part of our future business.

We need an experienced specialist to continue with the development of liquidation work in London, manage a small team, market our services and generally supervise liquidation assignments. It is a high profile position both to our clients and within the firm.

Candidates should have at least three years' experience of dealing with liquidations at senior level and should be marketing orientated. They should preferably be professionally qualified and looking to demonstrate their talent in innovation and planning. They will need to be able to accept a substantial degree of autonomy.

Remuneration: c£20,000 plus car.

Please write in confidence to: Jane Woodward (ref 2111).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

RECENTLY QUALIFIED ACCOUNTANTS

with top management potential

Central London £18,000 + excellent benefits package

Building substantially on past success, this international media group offers 2 key roles for ambitious, aggressive young CAs/CCAs/CMAs who can demonstrate the ability to account & plan for change.

These are opportunities in a motivated team with a brief to develop top quality financial controls to support the entrepreneurial management.

FINANCIAL ACCOUNTANT – the challenge of creating internal controls at the financial power-base of this £½ billion business, responding to the "hands on" executive style. Substantial computerisation changes are taking place, offering a stimulating career to a strong technical Accountant who thrives on fast-learning opportunities.

DEVELOPMENT ACCOUNTANT – an Analytical Investigative role (with NO Audit association) to ensure the smooth development of accurate reporting of cost & revenue areas. A non-routine position giving immediate scope to impress by solving financial control weaknesses. Exposure to both micro and mainframe facilities.

Both positions require a determined achiever who enjoys being rewarded for effort & results. There is a record of promotion on merit – both in Central Finance and Operating Unit Management.

Candidates should be practical, qualified, aged 25–30.

Written replies & CVs should be addressed to: **J. R. Adcock at 25 New Street Square, London EC4A 3LN (quoting ref. F6071).** As replies will be forwarded direct to our client, please indicate in your letter any company to whom you do not wish your details disclosed.

Clark Whitehill Consultants
Executive Selection

GROUP PROJECT ACCOUNTANT

This substantial British retailing group requires an ACA, 28-32, for a high profile head office role. Reporting to the Group Finance Director, the role embraces monitoring subsidiary performance, acquisitions analysis, investigations, systems development and other 'ad hoc' projects, together with involvement in group management accounting. Candidates should be commercially orientated with the ability to liaise with the main board, and should possess retail experience or be at manager level in the profession. Ref: GR.

C. LONDON **£20,000 + Car**

FINANCIAL CONTROLLER

A household name company with retail outlets throughout the UK seeks an accomplished young accountant for a senior divisional finance role. In addition to assuming full managerial responsibility for an accounts department, the successful candidate will gain direct exposure to the analysis of business trends and strategic planning for a significant area of the company's operations. Suitable applicants, aged c.30, will be qualified accountants with an overtly commercial approach and the ability to contribute effectively to projected growth targets. Ref: GR.

W. OF LONDON **£20,000 + Car**

Robert Half Personnel, Freepost, Roman House, Wood Street, London EC2B 2JQ. 01-638 5191.

ROBERT HALF
FINANCIAL RECRUITMENT SPECIALISTS
LONDON · BIRMINGHAM · WINDSOR · NEW YORK & 82 OTHER CITIES WORLDWIDE

Financial Controller

City of London **£28,000 + bonus + car + benefits**

Our client is a highly successful, independent UK based financial services group, operating worldwide.

They now wish to recruit a Financial Controller who will take full responsibility for the Head Office accounting and administration functions, reporting to the Finance Director.

The successful candidate will be a graduate Chartered or Certified Accountant aged 28-35 years, who has a sound commercial financial background which will include first hand knowledge of using sophisticated computerised accounting systems. Experience of UK taxation and VAT will be highly desirable.

Interested applicants should write, enclosing a full C.V. and quoting reference number 12/12 to:

AGB Executive
173 SLOANE STREET LONDON SW1X 9QG
Tel: 01-235 9891

International Financial Accountant

Knightsbridge mid-20s c.£18,000

The corporate financial team of a major international group seeks an ambitious ACA who:

- should ideally be recently qualified with not more than two years' post-qualifying experience;
- has a general knowledge of international accounting principles;
- has an excellent technical knowledge of UK accounting requirements;
- possesses a broad business management perspective.

Your brief will include:

- involvement with several overseas subsidiaries;
- accounting for some UK-based divisions;
- year-end procedures;
- group monthly management accounts and annual consolidation;
- reporting directly to the International Financial Controller.

The package includes:

- excellent benefits;
- substantial career development and prospects.

Please send brief cv to Fiona McMillan, **Ref: SSA8/0545/FT.**

PA Personnel Services
Executive Search · Selection · Psychometrics · Remuneration & Personnel Consultancy
Hyde Park House, 60a Knightsbridge, London SW1X 7LE.
Tel: 01-235 6060 Telex: 27874

Financial Director (Designate)

Yorkshire *c.* **£25,000 + car**

Our client, a successful and profitable public company, with turnover of approximately £8m, is seeking to appoint a financial director (designate). A full board appointment is to be expected after six or twelve months.

The company, which is currently relocating its head office to Yorkshire, specialises in systems for the stressing of concrete, joining reinforcing bars, the mechanical splicing of wire ropes and products for the electricity distribution industry, in the U.K. and overseas.

The financial director (designate) will be responsible for all financial, secretarial and data processing activities, and will be expected to take a positive, commercial role in the company. This is an opportunity to make a significant contribution at an exciting point in the development of the company.

The position calls for a qualified accountant (probable age range 30 to 40, and FCA), who has had practical experience of line financial management, preferably in a medium sized company at board level and in a manufacturing and engineering environment. Previous experience of company secretarial duties and of export financing is important, as is a practical understanding of the planning, implementation and operation of data processing. The job demands an individual who communicates well at all levels, thinks commercially and achieves practical results.

An attractive remuneration package is offered to the person who can demonstrate the experience, aptitude and personal qualities required.

If you feel you meet these requirements, please write in confidence, setting out brief career and personal details to Mr. Richard G. Coulbeck, Executive Selection Division, Peat, Marwick, Mitchell & Co., City Square House, 7 Wellington Street, Leeds LS1 4DW, quoting reference No. L/L618.

PEAT MARWICK

Ambitious Young Accountant

City **Salary Negotiable**

Our client provides significant financial services within an International Group. Its newly established City-based organisation is about to commence expanded operations in the areas of international treasury management services, and now requires a recently qualified Chartered Accountant with drive and ambition to play a key role in this exciting development.

Reporting directly to the Managing Director, responsibilities will include:

* **control of all financial accounting activities**
* **preparation of management accounts and reports on specific activities**
* **administration of international currency accounts**
* **computing operations**
* **liaison with overseas group companies and clients**
* **company secretarial duties**

Please write in complete confidence quoting reference 3568 and submitting a concise curriculum vitae, including current salary details, to:

Peter Childs,
Pannell Kerr Forster Associates,
New Garden House,
78 Hatton Garden,
London EC1N 8JA.

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

SINGER AND FRIEDLANDER LIMITED
BRISTOL

S&F

Singer & Friedlander Limited has a vacancy for a senior executive in their Bristol Office.

The successful applicant should have a good working knowledge of Corporate Finance and the ability to identify potential banking business. He will probably live in the West Country already or at least have some roots there and be willing to move there on taking up the appointment. The position requires energy and initiative and carries scope for considerable advancement.

Interested applicants who conform to the above specifications are requested to write, enclosing an up-to-date curriculum vitae, to the undersigned.

All enquiries will be treated in the strictest confidence.

Panton Corbett
SINGER & FRIEDLANDER LIMITED
21 New Street, Bishopsgate,
London EC2M 4HR

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Financial Director

London, £35,000 negotiable, Car

Substantial institutional and private sector backing has produced a high profile organisation which will address a major growth opportunity in the business communications sector.

This appointment reports to the Managing Director, and carries responsibility for the entire financial and secretarial functions, through the strategic and operational steering of the company towards a USM flotation. The establishment of a financial framework and management of the resulting controls and systems are also integral parts of the task.

Candidates, aged over 30, will be FCA/ACMA's with senior management experience, proactive personality, and strong leadership skills. Exposure to a start up situation is essential, together with a knowledge of billing systems and DP. Familiarity with telecommunications would also be helpful.

Male or female candidates should submit in confidence a comprehensive C.V. or telephone for a Personal History Form to *A.J.L. Satterly,* Hoggett Bowers plc, *36 High Street, Eton,* WINDSOR, *SL4 6BD,* 0753 850851, quoting *Ref:23112/FT.*

Franchise Accounting Controller

Home Counties c.£23,000 plus car plus petrol

Our client is a major international US owned consumer products/retailing group.

Reporting to the finance director this new position will be responsible for the accounting function of a significant franchise operation. In addition the role encompasses the management of internal audit and the provision of technical guidance on legal and secretarial matters.

Candidates will be qualified accountants, aged around 30, confident in their technical and managerial skills. Experience in franchising or related activities e.g. brewing industry tenancy management, would be advantageous and knowledge of the secretarial function is desirable.

As a member of the management team the successful applicant will be expected to contribute fully to the strategic development of the business. The potential for advancement to financial directorship in the short term is an essential quality.

Please send a full CV to Mike Gostick at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU, quoting ref: F/246/G.

Ernst & Whinney

FINANCE DIRECTOR

LEISURE 27–32 £18–22,000

We are a dynamic young company trebelling in size every year. As such we are looking for an entreprenneurial **qualified accountant** to join our young management team.

Reporting to the Managing Director you will play a major role in the development and direction of the company's extensive expansion plans.

You will be involved in the **International Leisure Industry** and need to possess a high degree of corporate awareness with the ability to adapt to new and varied business environments.

Applicants interested in this unique position should reply in strict confidence with C.V. detailing career and salary progression to:

BOX A0198, BRACKEN HOUSE, 10 CANNON STREET, LONDON EC4P 4BY

Accountancy Appointments

SAGA HOLIDAYS plc

Group Finance Manager

KENT £26,000+car

Saga Holidays plc is the market leader in travel for the over 60s, with markets in the UK, US and Australia. We are continuing to expand into new markets and turnover last year was £73m with profits of £4m.

The position offers a unique opportunity for a qualified Chartered Accountant to join our management team and contribute to our continued success. The candidate must have proven managerial experience and organisational ability, operate with a "hands-on" style and possess the ability to communicate at all levels. It is likely that he or she will have several years' experience in a commercial environment involving intercompany, international accounting and taxation matters.

The company offers an attractive salary, non-contributory life assurance, pension and medical insurance together with an allowance for relocation expenses, but more importantly the opportunity of further career development for the candidate who can demonstrate the qualities we seek.

Applicants should write with full career details to date to:

Peter de Haan
Finance Director
SAGA HOLIDAYS PLC
Enbrook House, Sandgate
Folkestone, Kent CT20 3SG

If you are an Accountant who relishes a challenge and your experience includes involvement with computerised systems in a commercial or manufacturing environment, our client can give you the scope to implement your ideas during a period of intensive growth in their activities both in the UK and Europe

COMPANY ACCOUNTANT

To £19,500 + Car + Benefits London/Essex borders

The company is a market leader in office products with a unique product range manufactured at a modern plant in Essex and sold through distributors in the UK and continental Europe. To capitalise on its strength, the company is committed to a significant phase of expansion during which it is essential that comprehensive financial control and reporting systems are established and maintained.

We seek an enthusiastic individual, preferably qualified, who will be capable of controlling a small department responsible for the day-to-day accounting and cash management functions together with the implementation of a range of sophisticated computer based control systems. The ability to establish new disciplines where none have existed before is important.

Applicants should write or telephone, in complete confidence, *Brian Kemp* at Executive Network or evenings or weekends on 01-657 2734.

EXECUTIVE NETWORK
(CONSULTANTS) LIMITED
19, BEDFORD ROW,
LONDON WC1R 4EB
01 831 8202
01 831 9458

ASSISTANT CHIEF ACCOUNTANT

To £20,000 + Banking Benefits

We are the expanding and profitable UK subsidiary of the Bank Leumi Group. Due to the continuing increase in business we have created the new position of Assistant Chief Accountant.

Reporting to the *Chief Accountant*, your team will be responsible for the production of management and statutory accounts to demanding deadlines.

To be successful, you will most likely be a qualified accountant aged 28 to 35. You will have banking (or related) experience. A knowledge of taxation and computerised systems is desirable.

Please respond to:
Brett Hollins
Personnel Manager
BANK LEUMI (UK) PLC
4/7 Woodstock Street, W1A 2AF

bank leumi בנק לאומי

Accounting for Excellence

Salary range £15,000–£25,000

Excellence in all areas of our business – including the recruitment of high calibre staff – will ensure that we are well placed to take full advantage of the forthcoming changes in the City. Against a background of expansion and re-organisation we now have the following challenging accountancy opportunities:

Samuel Montagu & Co. Limited, the leading merchant bank, has recently completed the purchase of the major stockbroker, W. Greenwell & Co. By drawing on the diverse and complementary expertise of these constituent parts, the Samuel Montagu Group is ideally placed to become a key player in the global securities markets.

Greenwell Montagu

The new management structure at Greenwell Montagu & Co. provides for independent management, operational and financial control of the key business areas in the securities markets – namely UK and international equities, gilts, and dealing and fund management services to private clients.

In a period of intense market change, we are looking to recruit up to three young financial executives to provide front-line financial and operational management support to the senior management of these fast moving businesses. Exposure to sophisticated securities or other financial sector organisations is essential for the successful applicants who should be educated to degree level, and either recently qualified accountants or MBAs.

Samuel Montagu

We are looking for a Financial Accountant to work within Samuel Montagu & Co. Limited. This role will be concerned with assisting in the planning and organisation of the accounting and financial administration aspects of the company. Specifically this will cover the preparation of the monthly financial and management accounts, and will of necessity include substantial involvement in systems and accounting policy development. This is an opportunity to learn about all aspects of an investment bank and would therefore suit a newly qualified accountant looking to make a career in banking.

For all of these positions we offer a highly competitive remuneration package which will reflect ability, experience, and the level of appointments. Excellent benefits include cheap mortgage facilities, non-contributory pension scheme and family medical care.

Please write with full personal and career details, indicating the position of interest, to Andrew Menhennet, Personnel Officer, Samuel Montagu & Co. Limited, 114 Old Broad Street, London EC2P 2HY. Tel: 01-588 6464.

SAMUEL MONTAGU

Financial Controller

Central London £25,000 plus car and bonus

Our client is the expanding UK subsidiary of a substantial American corporation, processing and supplying a range of products to the retail trade.

The financial controller, who will report to the UK general manager, will be responsible for the full range of financial reporting from the costing of products processed by sub-contractors through to detailed management reporting and liaison with the company's American parent. There is also responsibility for production planning. Substantial experience of developing and using mini computer systems is essential.

Preferred applicants will be qualified accountants aged around 30 with controllership experience in a fast moving trading or manufacturing operation. Some experience of smaller rather than larger companies will be preferred and the ability to contribute to all aspects of company management will be expected.

In the first instance please send brief personal and career details to Douglas G Mizon quoting reference F/966/M at Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

Ernst & Whinney

INVESTMENT BANKING

Three outstanding young accountants with the drive and ambition to become major achievers with an established leader in the field of International Banking. As members of a highly motivated, professional and respected audit team, the work which you will undertake incorporates an **accelerated programme of learning and intensive exposure to bank management processes.** Within 18 months you will have established a clear perception of the investment banking business, together with a sound reputation for credibility, judgement and results. **You will therefore be well informed and well positioned to identify the field in which you may ultimately wish to specialise. The candidates we wish to attract to this competitive environment will discern from the breadth of the programme and the calibre of individual required, that these positions represent an excellent opportunity for fast track progression and promotion.**

Profile requirement

- Graduate ACA's or MBA's aged 24–28
- Excellent communicative skills, you must be able to conduct meetings and express yourself articulately.
- Outgoing and self-confident personality.
- Your present track record will evidence rapid promotion and increased responsibility.
- You will be confident in your ability to identify, analyse and evaluate all aspects of a problem. In our environment you must have the tenacity and determination to pursue significant issues to effective resolution. Your reputation for sound judgement and incisive but balanced decision making will ensure that you can consistently generate action and obtain results.

Future Prospects

Field training supplemented by product development courses, including simulated trading activity exercises, familiarise our staff with the decision making process and **open a wide range of career opportunities.** You will strengthen our corporate resources of young high calibre bankers **capable of responding to any management assignment set or challenge presented. Previous audit team members hold senior management positions in marketing, trading, and investment management as well as corporate reporting.**

Programme

- You will be exposed to the following product areas:
  Equity and gilt broking and market making.
  International investment management.
  Foreign exchange and money market dealing.
  Futures, options and interest rate hedging instruments e.g. "Caps" & "Collars".
  Issuance and trading of commercial paper, "Nifs", "Rufs", etc.
  Eurobond securities trading and underwriting including "synthetic" securities, "repos" and "reverse repos".
  Currency and interest rate swaps.
  Loan participations and sales, mortgage backed securities, A Forfait.
  Offshore banking.
  Venture capital, management buy-outs, corporate finance, mergers and acquisitions.
- **You will learn how the operational and accounting infrastructure is managed** including operations; accounting; risk management; and legal/regulatory compliance.
- On technology issues **you will learn how the Bank's existing systems support the present product base.** Through active involvement in the design of the next generation of real time deal processing systems, incorporating integrated risk management, you will gain further advances in product knowledge, as well as an appreciation of the management of trading risk, the management of projects, advanced systems analysis and the design of efficient and effective control systems.
- Whilst participating in this programme **you will identify ways to improve the business infrastructure.** Your recommendations will address management and staffing; operational processing; control; risk management; accounting; technology; product economics including pricing; and international legal and regulatory compliance.

Remuneration packages including full banking benefits will be negotiated, and will reflect the importance of these positions.

Please write in confidence enclosing your personal c.v., quoting the reference JGN/AUD on both your letter and envelope, to Joanne Noble, Group Personnel Officer, Citibank NA, 336 The Strand, London WC2R 1HB.

CITICORP CITIBANK

Group Management Accountant

Avon c. £17,000 plus car

Our client company, the UK subsidiary of a multi national operation, manufacture and market major motor vehicle parts distributed throughout Europe. The company has a turnover in excess of £50m in the UK and has embarked upon a major investment programme. A vacancy has occurred for a Group Management Accountant at the company Head Office which is located in Avon.

Reporting to the Financial Director, the successful applicant will be responsible for providing the total management accounting and reporting activity, together with strategic planning and computer systems improvement.

The successful candidate will be 30 to 40 years of age, an ACMA with at least 5 years experience of Management Accounting at senior level.

The company offer an attractive remuneration package including pension, life assurance, car and relocation expenses.

Please send a CV or telephone for an application form to J.C.K. Cole.

Helrick Matthews LTD.
Executive Selection & Search.
Personnel Consultants
Telephone: (0543) 254454

Cathedral House,
5 Beacon Street,
LICHFIELD,
Staffs. WS13 7AA.

FINANCE DIRECTOR

KENT COAST @ £25,000 + CAR + PENSION + PROFIT SHARING

Lexterten is a fast growing, highly successful manufacturer of reproduction furniture with current sales of *£12m p.a.* We sell only through our own U.K. Showrooms, which currently number 24.

We seek a dynamic and practical Financial Director who will be responsible for all financial and administrative functions, reporting direct to the Chairman. Candidates should be qualified Accountants who are computer literate and commercially aware and are likely to be aged between 28 and 50.

The position demands an outstanding individual who can combine technical competence with imagination, has well developed commercial instincts and above all, a determination to achieve agreed business objectives.

Help with relocation expenses if appropriate.
Please send full C.V. to:

D. G. LLEWELLYN,
CHAIRMAN,
LEXTERTEN LTD.,
PATRICIA WAY,
BROADSTAIRS, KENT.

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Chief Accountant

South Wales, Negotiable salary
Manufacturing, Generous Car Facility

With a strong brand identity in a competitive international market, this *profitable company is poised* for further growth via increased market share and diversification. This creates a need for a Chief Accountant, reporting to the Finance Director, to take responsiblity for the entire financial management of the existing core business.

Candidates will be mature professionals (ACA, ACMA, ACCA) with proven competence in planning and performance monitoring, *computerised systems, product costing, investment* appraisal, funding and man-management. An inquiring mind and energetic style are essential to success in this focal role.

The company offers excellent career prospects. The benefits are comprehensive with basic salary negotiable c. £20,000 including car allowance, and relocation assistance to an area of excellent residential and *recreational facilities convenient to the M4 and* main BR services.

Please forward detailed C.V.'s to *Huw Davies*, Hoggett Bowers plc, *3a Hickman Road, Penarth*, CARDIFF, *CF6 2AJ*, 0222 700633, quoting *Ref: 38034/FT.*

هكذا من الأصل

Accountancy Appointments

Financial Controller

A young, competent and experienced accountant is sought by our client company, who are market leaders in the supply of specialist materials to the construction industry. Current reorganisation and future developments have created an opportunity for an ambitious accountant to join the senior management team. Success in this role could open-up important opportunities with the organisation.

Ideal candidates will be around 30, qualified accountants with at least 3 years' experience of managing an accounts function in the construction or allied trades. In particular they will have a positive attitude to management. They must be technically competent in all aspects of financial and management accounting. It is essential that they can control and monitor work in progress systems. An understanding of the cash management implications of construction industry contracts would be an advantage.

Location: West London.

Remuneration: c£22,500 plus car.

Please reply to: Joanna Corr (ref 4131).

KMG Thomson McLintock
Management Consultants
70 Finsbury Pavement London EC2A 1SX

Senior Accountant

PRT & Corporation Tax

HOLBORN c. £17-£19½k

This is a new post created to encompass growth. We are looking for someone with considerable experience in a tax department of a professional practice or equivalent commercial experience, to join a small team of specialists.

This is a varied and demanding role calling for someone with detailed knowledge of petroleum revenue tax and its relationship to corporation tax. Experience of overseas taxes as applied to petroleum and gas exploration activities would be an advantage along with a working knowledge of exploration and production industry accounting.

Applicants, preferably in their thirties, should also have sound experience in corporation tax, and capital allowances in industrial & commercial groups.

You must be able to work alone and to contribute to the joint solution of problems as they arise. You should also be prepared to get involved in other taxation aspects of the department.

Starting salary package will be around £17k depending on experience.

To apply, please write with full career details, quoting reference FIN/11244/018 to: Senior Personnel Officer (HQ Services), British Gas, 59 Bryanston Street, London W1A 2AZ.

An equal opportunities employer.

British Gas

Group Financial Controller

Due to the promotion of the existing Group Financial Controller, an expanding Public Limited Company based in the Herts/Essex borders requires a replacement.

Candidates will be qualified accountants, preferred age 25-30, currently employed in professional practice, with experience of consolidations and corporate taxation.

The salary is negotiable up to £20,000 for a candidate with suitable background and experience with company car, pension scheme and private health insurance.

Please write enclosing C.V. to:

Box A0199, Financial Times
10 Cannon Street, London EC4P 4BY

Hoggett Bowers

Executive Search and Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, SHEFFIELD and WINDSOR

Finance Director Designate

Yorkshire, Major Investment Group
c. £25,000, Car, Benefits

A unique and outstanding opportunity has arisen within an extremely progressive independent group of investment companies for a potential Finance Director. The rapid growth of the business necessitates the appointment of an individual capable of coping with increasing responsibility in the short term. An extremely able 28-35 year old is required to advise and action strategic financing and investment options, liaise with external funding agencies and control the operational accounting of the business. It is essential that the successful candidate be imaginative, a good communicator and willing to demonstrate commitment to the Group. This position is crucial to the business and will be filled by an individual who has the ability, confidence and presence to command respect at the highest levels.

Male or female candidates should submit in confidence a comprehensive C.V. or telephone for a Personal History Form to *D. Adrian*, Hoggett Bowers plc, *7 Lisbon Square*, LEEDS, *LS1 4LZ*, 0532 448661, quoting *Ref:15021/FT*.

Finance Director

To £25,000 + executive benefits
West Yorkshire

Our client – a member company of an international group – is one of the UK's leading manufacturers of specialist equipment for the mining, earthmoving and associated industries. The company operates two production units in Yorkshire coupled with a successful sales subsidiary in the USA and a profitable UK subsidiary engaged in the distribution of welding equipment. This new senior appointment will appeal to those who wish to progress their careers in a results oriented environment.

As a member of the executive team, your responsibilities will be wide ranging and will include the design and implementation of progressive reporting systems which will provide clear and current information on company performance. You will also have the opportunity to make a major contribution to the general management of the business.

Probably in your 30's, you will be a qualified Accountant with a minimum of five years' post-qualification experience in a profit accountable, manufacturing environment. A knowledge of the operation of up-to-date costing systems is essential.

Salary to include a profit related bonus is for discussion as indicated; the comprehensive benefits package will include a car; pension and life assurance scheme; assistance with relocation expenses, where appropriate.

Please write – in confidence – with full details. A. L. Brown, ref. B.62101.

HAY-MSL Selection and Advertising Limited,
Oak House, Park Lane, Leeds LS3 1EL.

Offices in Europe, the Americas, Australasia and Asia Pacific.

HAY-MSL

FINANCIAL SERVICES

Rothmans

Rothmans Exports Limited

Commercial Accountants

c £16,500 North Bucks

We are part of the Rothmans International Group of Companies and a major UK exporter of cigarettes.

As a result of reorganisation we are looking for qualified accountants, between the ages of 26-32, who have gained experience with either an international accounting firm or a commercial organisation with overseas business activity.

Reporting to a Commercial Manager, you will provide a commercial and management accounting service to our export and overseas manufacturing business with scope to further develop financial planning and control systems using computer facilities.

The positions are challenging and provide the opportunity to work in a highly professional and commercial environment.

A self-motivated and creative approach is needed together with the ability to build effective relationships with marketing management and distributors overseas.

There is a requirement to travel regularly to our overseas locations.

The remuneration package includes a contributory pension scheme, free life assurance, private medical and permanent health insurance and a salary structure which rewards performance. Generous assistance with relocation is available where appropriate.

Please write enclosing a C.V., or telephone for an application form to Mr. R.T. Knight, Personnel Operations Manager, Rothmans Exports Limited, Oxford Road, Aylesbury, Bucks HP21 8SZ. Tel: 0296 26111, ext. 3116.

Financial Controller

City c.£20K + Car

Our client is one of the largest and most progressive of London's Housing Trusts with assets of £36 million and a 3 year, £15 million, development programme. It provides homes for over 10,000 people through a combination of public and private funding.

They now require a Controller to manage effectively the Trust's finances and to provide the information to enable the management team, of which he or she will be a key member, to make sound and innovative commercial decisions.

There is a significant supporting department of 15, including 7 qualified and part-qualified accountants, backed by a recently installed Wang system. The Financial Controller's key roles will be to develop the management reporting systems, be the commercial eyes and ears of the organisation and to control the planning and budgeting process.

The position is an excellent opportunity for a practical, young, chartered accountant with 3-4 years' post qualification experience, to develop management ability in an interesting smaller organisation. Ideal background would include computerised accounts, property, housing etc., but vigour and a lively and commercial mind are the most critical criteria.

Location Central London. Salary c.£20,000 plus fully expensed car, non contributory pension and other good benefits.

Please reply in confidence with full career details to Gillian Walton at Bull Thompson and Associates Ltd., 63 St. Martin's Lane, London WC2N 4JX, quoting reference 1147.

Bull Thompson

CORPORATE AND RECRUITMENT CONSULTANTS

Financial Controller

£24,000 Negotiable + Car *South Wales*

To join the Head Office of a significant, profitable and expanding Group of Companies operating in the Industrial and Manufacturing sectors with a combined turnover of £35m plus.

This new position reports to the Financial Director and carries full responsibility for the management and development of the U.K. Accounting functions. It will include ensuring the provision of accurate and timely management and financial accounts, analysing results and performance. Key objectives will be the strengthening of computer based systems, upgrading reporting procedures and identifying areas for the further improvement of business performance.

An achievement-orientated Chartered Accountant, aged 27-34 you must have gained some experience within an Industrial or Manufacturing environment and be directly familiar with Computerised Systems. A commercially minded approach, positive and decisive attitude to problem solving, and the capacity to work as an integral part of a small management team, are necessary personal indicators.

Salary will be attractive. Other benefits inlcude a car, BUPA, and relocation assistance.

Write with full career details, to:
Wayne Travis, Management Selection Division, PER, Minster House, 27-29 Baldwin Street, Bristol BS99 7QZ, or telephone (0272) 277217.

PER
Management Selection Division

FINANCE & ADMINISTRATION MANAGER

Warrington
c.£30,000 + benefits

This is the senior financial position within a fast expanding, high technology U.S. company.

We are Applied Biosystems, world leaders in the development, manufacture and marketing of biochemicals and automated instruments for use in biochemistry, molecular biology and biotechnology research.

Our European headquarters are based in Warrington, covering direct operations in the U.K., West Germany, France and soon, Italy, plus our distributor network in Europe, the Eastern Bloc, Africa and the Middle East. We are a financially sound company in a rapidly growing market place.

The ideal candidate for this key role in our organisation will be a qualified accountant in his/her thirties. You should have previous experience of international operations in a dynamic, fast changing business. (A second language capability would be useful). You will be technically competent on all financial matters and have a strong commercial awareness which will enable you to make a significant contribution to the future development of the company and our marketing operation. You will be both a practical accountant and a team player, able to roll up your sleeves to meet tight deadlines. You must be an able communicator due to the international aspects of this position.

If this sounds like you, and you would relish the challenge we can offer, please send a curriculum vitae showing current salary, availability and a daytime telephone number to our consultant, Bob Armstrong ACIS at 2 Booth Street, Manchester M2 4AG.

Robert Armstrong & Company

Search : Selection : Psychometrics

DEALERS SALES PERSONNEL

Gerrard & National plc wish to appoint dealers and sales personnel with a minimum of 1 to 2 years experience to join their Money Market, Gilt Edged and International Bond teams which are continuing to expand. Language skills would be useful but not essential.

A competitive remuneration package will be offered to successful candidates.

Applicants should contact the General Manager, Mr. Peter Johnson, either by letter or telephone.

Gerrard & National PLC
32 Lombard Street
London EC3V 9BE
Telephone 01-623 9981

Legal Notices

IN THE MATTER OF
THE CHESTER CORN & FEEDS COMPANY LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 24th day of July, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned David Swaden FCA, of 46 Rodney Street, Liverpool, L1 9AA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 24th day of June 1986
D. SWADEN, Liquidator.

McADAM (BUTCHERS) LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a Meeting of the Creditors of McAdam (Butchers) Limited, will be held at the offices of Leonard Curtis & Partners, 46, Rodney Street, Liverpool L1 9AA, on Wednesday the 9th day of July 1986 at 12 o-clock midday, for the purposes provided for in Section 589 and 590.

Dated this 23rd day of June 1985.
Mrs. M. E. McADAM, Director

A.T.S. ATLAS TRADING & SHIPPING LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act 1985 that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 30 Eastbourne Terrace (2nd Floor), London W2 6LF, on Friday the 11th day of July 1986 at 2.30 o'clock in the afternoon for the purposes provided for in Sections 589 and 590.

Dated the 24th day of June 1986.
For and on behalf of
CHALK FARM SERVICES LTD
Director

TEMPO SHOES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 30 Eastbourne Terrace (2nd Floor), London W2 6LF, on Friday the 11th day of July 1986 at 12.00 o'clock midday for the purposes provided for in Sections 589 and 590.

Dated the 24th day of June 1986.
I. BRANSON, Director.

SUNLOX LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 588 of the Companies Act, 1985, that a Meeting of the creditors of the above-named Company will be held at the offices of Leonard Curtis & Co., situated at 30 Eastbourne Terrace, London W2 6LF on Wednesday the 16th day of July 1986, at 12.30 o'clock midday for the purposes provided for in Sections 589 and 590.

Dated the 24th day of June 1986.
IRVING PRESS, Director.

Company Notices

A/S VARDE BANK
$15,000,000
FLOATING RATE SUBORDINATED NOTES DUE 1994

In accordance with the provisions of the Notes, NOTICE IS HEREBY GIVEN that for the period June 27th 1986 to December 29th 1986, the Notes will carry a rate of interest of 7 1/16% per annum with coupon amount of $3693.58.

CHEMICAL BANK
as Agent

US$300.000.000
CAISSE NATIONALE DES TELECOMMUNICATIONS
Floating Rate Notes due 2000

Notice is hereby given that the next interest period chosen by Caisse Nationale des Telecommunications is one month beginning July 16 1986.

The Fiscal Agent
Banque Nationale de Paris
(Luxembourg) S.A.

THE BRITISH STEAM SPECIALITIES GROUP PLC

Notice is hereby given that the ordinary share transfer books will be closed from 18th July to 31st July 1986 both dates inclusive.

By order of the Board
R. D. THOMPSON
Director & Secretary
16th June 1986
Fleet House,
Lee Circle,
Leicester
LE1 3QQ.

Public Notices

INVESTIGATION BY THE MONOPOLIES AND MERGERS COMMISSION

Merger situation between the Peninsular and Oriental Steam Navigation Company and European Ferries Group PLC

The Secretary of State for Trade and Industry has referred to the Monopolies and Mergers Commission for investigation and report under the provisions of the Fair Trading Act 1973 the merger situation between The Peninsular and Oriental Steam Navigation Company and European Ferries Group PLC.

The Commission are to report by 15 December 1986

Any person or organisation wishing to give information or views on the merger situation or requiring a copy of the terms of reference should write as soon as possible to

The Secretary
Monopolies & Mergers Commission,
New Court
48 Carey Street,
London WC2A 2JT.

Art Galleries

LEGER, 13, Old Bond Street, ENGLISH PICTURES FOR THE COUNTRY HOUSE. Mon to Fri 9.30-5.30

MARTYN GREGORY, Canton and the China Trade. Early pictures relating to the Far East. 30th June-30th July. Mon.-Fri., 10am-6 pm. 34 Bury Street, St. James's, London SW1. 01-839 3731.

Corporate Finance

Corporate finance in the City of London is in a state of ferment. It is fuelled by a takeover boom, the upheaval of Big Bang, and an American challenge to Britain's leading merchant banks.

A time to take risks

By Jeremy Stone

TO BE a mergers and acquisitions specialist in the City of London can seldom have been as profitable as in the last year, nor half so exhausting.

For what seems an improbably long time, and despite heavy calls from rights issues, the London equity market has been kept on the boil by a sequence of takeover bids of all sizes and degrees of respectability.

Top-of-bull market deals—often expanding the bidder's equity by three or four times—have become almost a commonplace. Takeover-driven companies and their advisers have been taking greater financial risks than before.

From the advisers' standpoint, this is no accident. Whether the risk-taking is exhilarating or oppressive, it is now seen to be at the heart of any successful corporate finance strategy in the City.

As the Big Bang comes closer, the ability to take a principal's risk on a large enough scale will be the key to survival in the first division of corporate finance. The City's leading merchant banks have long realised that they cannot retain their most active and important customers unless the service provided is able to compete with that provided by Wall Street operators.

But the top tier of Wall Street investment banks have balance sheets that are many times as weighty as those of Mercury or Morgan Grenfell. The challenge faced by the home team is to use the resources of institutional contact and inner knowledge of the London markets to defend the franchise so far enjoyed by the City's front-line corporate finance specialist.

To repel outsiders who are all too evidently prepared to buy their way into the market by putting their much larger capital base in play, the City's first division has felt bound to put its own balance sheet on the line: thus, Morgan Grenfell's undertaking to buy a string of distilleries and potato crisperies from corporate customers who had bigger game in hand.

Under the seething activity, the resurgence of merchant banks' share ratings and the tide of fee-income, established City names are facing an erosion of their customer base and vastly increased exposure to fixed costs in the new securities markets.

In relation to the comfortable closed market of the past, in which the leading merchant banks and corporate brokers built up an enviably sheltered business in the planning of deals and the placing of shares, the City already looks a competitive bear-garden. As the institutional changes fall into place, it will be more so.

So far, the US invaders have been seen mainly in the position of second or third adviser in a transaction superficially dominated by the indigenous players.

When Woolworth Holdings came under siege from Dixons—in a £1.9bn bid, well up the scale of mega-deals—there was a scramble to put a defensive team on the field. Charterhouse, the merchant bank which had put the Woolworth company together three years before, was unable to handle the defence on its own, so one of the oldest names in the City, N. M. Rothschild, was called in as leading counsel for the defence. Even so, it was felt necessary to call in Goldman Sachs.

Whether Goldman was thought to have specific technical knowledge in UK bid defences, or was likelier to find a white-knight in New York, or had a longer purse to control the market in the later stages of the 88-day battle, it was a feather in the cap of any foreign house to be brought in on such a high profile transaction.

Though lines of command at times appeared to tangle, in a three-ply defence, that does not obscure the cardinal fact of Goldman's appearance in the middle of a purely domestic UK deal. Top billing will doubtless be only a matter of time.

When this happens it will not be simply a result of well-tried American sales techniques, beloved of international consultants as well as investment bankers. Flying in a team of hot-shots over the weekend impresses the hell out of prospective clients, but it is results that count in the end. The ability of newcomers to deliver the goods does, however, seem likely to be enhanced by the changing structure of the London capital market.

For anybody with a fundamentalist free-market turn of mind, the City has always seemed a congeries of cartels. To any trust-busting arrival from New York, the power of the entrenched corporate finance houses must appear to stem from an unholy, if loosely-knit, trinity of bank, broker and institution. At its most transparent, this linkage has for years been trading on the margins of good taste: a broker or merchant bank with a large fund-management side has had the ability, if not the inclination, to serve corporate clients at the expense of discretionary funds under house control.

Even where banks and brokers have only worked on an informal basis with free-standing insurance company and pension fund managers, the power of the underwriting system has produced remarkable amounts of capital at reasonable cost, beyond what most Wall Street firms could bring to bear on the London market, despite their greater internal resources.

The opening up of this cosy system is precisely the magnet which has drawn the overseas operators into setting up expensive London bridge-heads. In the debt markets, US houses have for years had a major part of the business. Lead management of Eurocurrency issues is no exclusive strength of the London banks, and even in the newly-created sterling commercial paper market, some leading US houses are being cut in from the start. But when it comes to high-speed equity financing for UK companies, the home players have enjoyed a lead which now seems likely to be reeled in.

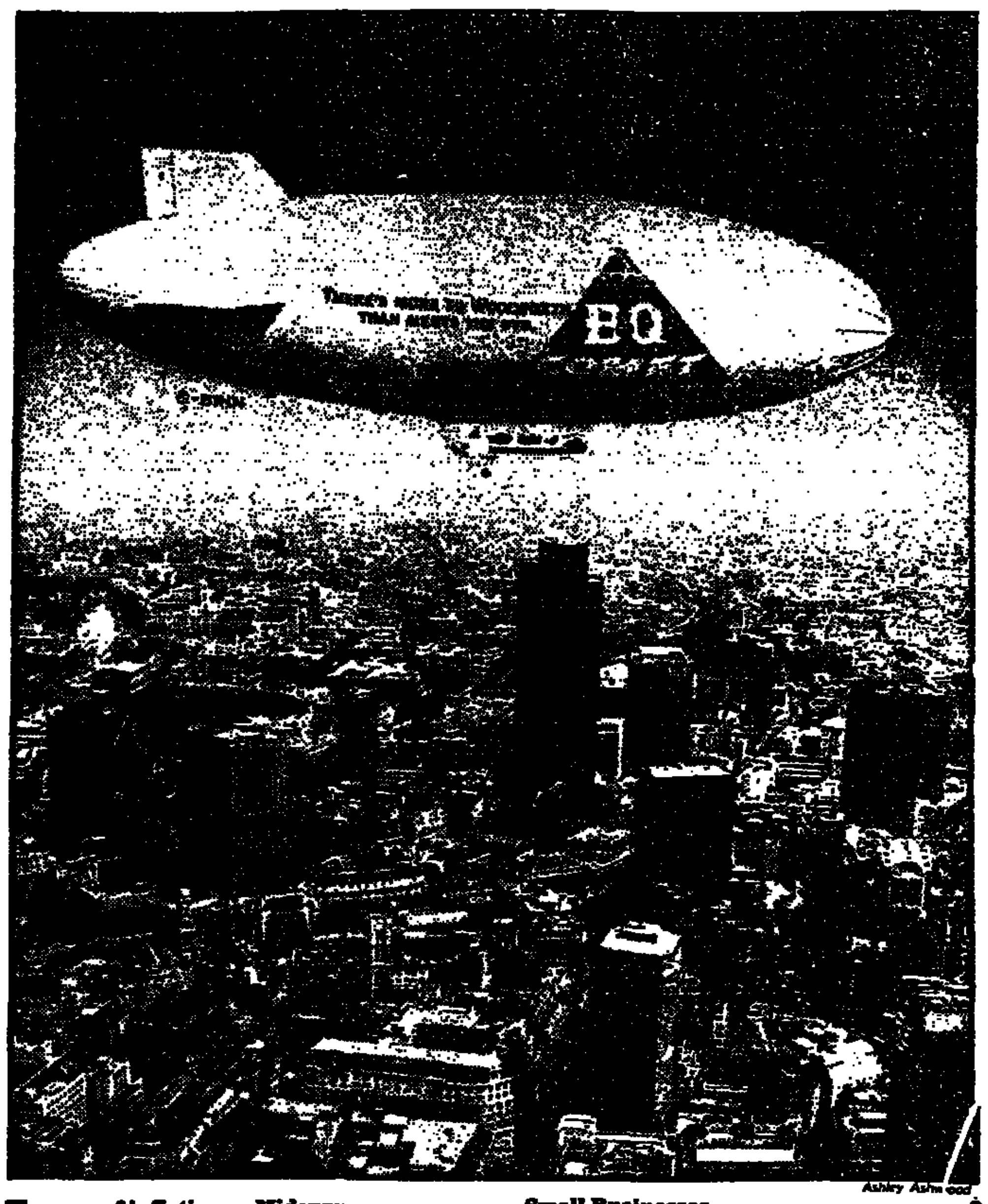
The central questions relate to the future of the underwriting system, and of the pre-emptive rights of existing shareholders. Great ingenuity and even some flexibility from the regulatory authorities—principally the Stock Exchange—have already undermined the pre-emptive right. Placings, pitched closer to the market share price than a rights issue, are arguably to the advantage even of shareholders who are excluded from the inner-circle of place-men; if doing a deal accelerates earnings per share, the small shareholders's interests may be served sufficienty well to compensate for the discount distributed to facilitate the placing.

But even if shareholders are protected against the worst consequences of this development—and may even be given a claw-back facility to ensure against the post-placing dilution—the basic right of first refusal has already been conceded. And if that at first seems to give the inner-circle a stronger position than before, it is only a short-sighted practitioner who would bet against the erosion of rights being the thin end of the wedge.

For if shareholders are to be ousted from their somewhat theoretical supremacy, the way is open for the entry to the London market of the "bought deal," in which a merchant bank buys up the entire issue, rather than merely taking responsibility for it until sub-underwriters can be lined up. And at that point, over the protesting forms of such investment institutions as the Prudential or M&G, the deep pockets and international distribution networks of Goldman Sachs and Merrill Lynch, or possibly of Nomura Securities, might come into their inheritance: a New York or Tokyo colonisation of the London market.

This game will take two or three years to play out, and there can be no doubt that the invaders will get their fingers burnt on occasion. It is still an open question whether the type of highly leveraged deal that Citicorp has been putting together for the likes of Elders IXL will find favour with the Monopolies Commission. Many of the innovations that outsiders would like to bring to the London scene will be obstructed by legal difficulties—specifically the Companies Act restrictions on the use of assets to support the debt that is being used to buy them—or attempts at regulation.

But when the smoke clears, the list of London mega-dealers will as surely include some of the interlopers as it will exclude some of the most familiar City names.



Ashley Ashwood

The uses of inflation .. Midsummer saw Woolworth Holdings hiring an airship in order to publicise its campaign against the Dixons takeover bid. On the ground, the battle continues; and the takeover scene in general is assessed in an article on page 9.

ALSO IN THIS SURVEY

Tim Barker, of Kleinwort Benson . . . "Banks with the greatest experience are cornering an increasing share of the business."

Merchant Banks

The old cosy ties are fading

RELATIONS between UK merchant banks and their corporate clients are in an unprecedented state of flux.

The impending "Big Bang" revolution in the City of London, the growing internationalisation of the securities markets, the much wider range of financial instruments now open to companies, and the much keener competition for business between the merchant banks, are all helping to change the relationship between them and their customers.

The cosy traditional ties, with a company relying on one merchant bank for almost all its financing needs, and for exclusive advice in takeover battles, is fast disappearing—at least among larger companies.

This is partly because the more aggressive merchant banks now constantly knock on the doors of UK companies—whether they are existing clients or not—offering ideas for "one-off" takeovers, disposals or money-raising.

Not only the UK banks are doing this. The major US investment banks, such as Goldman Sachs, are putting big efforts into winning new clients in the British market. They pose an increasing threat to the City houses, which is discussed more fully elsewhere in this survey.

All this, and the fact that some banks have better reputations than others for particular niche services, means that the larger UK companies are tending to spread their business over a number of advisors.

This fluidity has been increased by "Big Bang"—the abolition of minimum commission on dealings in the London market and of the current distinction between the jobber and broker. For this has prompted a series of marriages between brokers, jobbers and merchant banks into big new financial houses, and these have often cut across traditional client relationships.

Moreover, since each bank has adopted a distinctive approach to "Big Bang," the differences between them, and their particular strengths and weaknesses, are being magnified by the upheaval.

The next few years could therefore produce some significant changes in the relative rankings of the banks as the market decides which has adopted a better formula for success.

At present, however, Big Bang has done little to upset the relative rankings the banks have had over the past few years. The pecking order is generally regarded as being headed by the three houses which combine the greatest presence in the mergers and acquisitions field, with a strong position in new issue and rights issue work, namely Morgan Grenfell, S. G. Warburg and Kleinwort, Benson.

On their heels come a bunch of around six or seven banks which slide a few notches up and down the league tables for take-overs, rights issues and flotations each year, due to a complex combination of their own skills in selling their services and the particular plans of their clients.

Last year, for example, Hill Samuel was noteworthy for the particularly large number of bids in which it gave advice—including the audacious £1.8bn highly leveraged attack by Elders IXL of Australia on Allied Lyons which was eventually referred to the monopolies Commission. It also handled the largest number of flotations, though in volume terms it was some way down the list. J. Henry Schroder Wagg emerged as second only to Morgan Grenfell in the value of new flotations.

However, the takeover table published with this article needs to be read with caution: It only includes deals resolved in 1985, and therefore excludes £8bn of offers, launched in the final weeks of the year, which would substantially change the rankings. This year the flotation of British Gas will provide a strong boost to N. M. Rothschild, chief advisers to the Government, and to Kleinwort, Benson, which is advising the gas corporation.

For all the banks, the takeover boom of the last two years has brought rich rewards. Some of this consists of advisory fees for helping companies launch a bid or defend themselves from one. These are usually calculated as a percentage of the value of the deal, with ½ per cent the average for a medium-sized transaction.

On top of this, however, the banks also earn very large sums from underwriting cash alternative offers from bidding companies. Underwriting commissions have been shaved in some recent take-overs but this has been far outweighed by the increase in both the size and number of bids.

Take, for example, the recent battle over Distillers, the drinks group. Guinness, the victor, paid out a total of £110m in costs, of which £80m was accounted for by underwriting and advisory fees. Argyll, the loser, paid out some £40m for underwriting and advice.

The positions being adopted for Big Bang vary widely. The largest houses are all trying to put together world-class international financial groups to complete with their US and Japanese rivals, through the purchase of brokers and jobbers. A particularly ambitious link-up, for example, is Mercury International, the merger between S. G. Warburg and brokers Rowe & Pitman and Mullens and jobbers Akroyd and Smithers.

Some are seeking to grow their own expertise in new areas in-house—such as Schroders in London stockbroking—while yet other houses have so far stood aside from the scramble for broking and market-making talent.

In the financial world after Big Bang, however, the ability to market-make may prove an important factor in a merchant bank's ability to get clients and keep them. Taking a company's securities on to the books as part of a deal, and then finding a home for them through an in-house broking distribution system, may give a bank an edge over rivals which lack this flexibility.

The counter-argument, from those banking houses which have chosen not to snap up brokers and jobbers, is that they will still be able to get securities distributed as they do now, and their independent status will attract clients who might be concerned about potential conflicts of interest within the larger houses.

"The banks which have the greatest experience of transactions are cornering an increasing share of the business and this will particularly benefit banks with an international distribution capacity," says Mr Tim Barker, head of corporate finance at Kleinwort Benson.

But Mr Richard Fortin, a director of Lloyds Merchant Bank, a relatively small house formed a year ago out of Lloyds' various investment banking interests, says it is in no hurry to build up an equity dealing side: "We're not prepared to pay enormous sums for two-legged goodwill. Probably the best time to get into equity distribution is after 'Big Bang,' when we believe strains will appear in some of the houses."

Lloyds is an example of a bank adopting the niche of cultivating mainly small- to medium-sized companies in the hope of growing with them—a route successfully pioneered among the clearing banks by County Bank, the National Westminster offshoot that has become a substantial force in corporate finance, with a client list that includes fast-growing companies like Saatchi and Saatchi, Ward White, and Harris Queensway.

A key factor in resolving the debate over banks' differing strategies will be the fate of the long-held British principle of "pre-emption rights"—that is, the right of a company's existing shareholders to have first refusal on any new shares being issued.

This contrasts with the position in the US, where a common practice is the "bought deal" under which a large security house will win a mandate to issue shares for the company by offering the best price, then buys the lot and distributes the securities through its own system.

A heated debate is taking place in the City in the run-up to "Big Bang" on whether pre-emption rights can, and should, survive. A Stock Exchange discussion paper, released last February, seemed to favour some relaxation of the existing rules. But the *sensitivity of the* subject was underscored last month when Dee Corporation, the supermarkets group, made a £350m vendor placing to help buy the Fine Fare supermarkets chain.

It was a record sum in the UK for this kind of financing, which involved Dee placing shares on behalf of Fine Fare's vendors with friendly institutions and not offering them to existing shareholders.

But some of the UK's major institutional investors—apparently fearing the Dee Corporation might be seen as a precedent for the erosion of pre-emption rights—forced a revision of the terms. Existing shareholders were given the right to apply for 75 per cent of the newly-issued shares, as opposed to the 25 per cent they were orginally offered.

As this example shows, there is likely to be some strong opposition to the elimination, or at least reduction of, pre-emption rights; but the outcome of this issue will have a vital bearing on the success or failure of the new alliances now jockeying for position in the City.

Martin Dickson

Merchant bank corporate finance activities—Flotations

RANKING 85	84	BANK	1985 No.	Value (£m)	1984 No.	Value (£m)
1	2	Morgan Grenfell*	10	2,063	6	4,431.5
2	4	J. Henry Schroder Wagg	5	1,778	17	4,640.9
3	1	Kleinwort Benson	10	1,676.68	17	5,094.92
4	—	Lazard Brothers	4	1,038.3	2	18
5	7	Samuel Montagu*	10	459.5	9	298.5
6	3	S. G. Warburg	3	322.4	6	4,721.1
7	6	Hill Samuel	13	256	17	469.7
8	10	Robert Fleming*	8	66.2	4	78
9	9	N. M. Rothschild & Sons*†	2	56	3	799
10	8	Charterhouse Bank*†	2	55	6	136.09

* 1984 figures restated by the bank.
† Market capitalisation at issue price.

Merchant bank corporate finance activities—Rights issues

RANKING 85	84	BANK	1985 No.	Value (£m)	1984 No.	Value (£m)
1	7	Morgan Grenfell	12	675	8	118.8
2	9	N. M. Rothschild & Sons*	10	639	3	71
3	10	Barclays de Zoete Wedd†	3	536.3	2	54.2
4	4	S. G. Warburg††	12	430.6	5	168.1
5	2	J. Henry Schroder Wagg	9	285.6	6	209
6	5	Kleinwort Benson	10	252.34	10	164.73
7	—	Charterhouse Bank	9	220.6	4	25.1
8	1	County Bank*	10	203.2	5	281.78
9	—	Baring Brothers	3	150.9	2	8.6
10	6	Hill Samuel	9	150.7	11	104.35

* 1984 figures restated by the banks.
† Barclays de Zoete Wedd includes one issue not underwritten (£513m Barclays Rights Issue).
†† S. G. Warburg includes six domestic placings raising £193.4m for which Warburgs were the issuing house.

Merchant bank corporate activities—takeovers and mergers

RANKING 85	84	BANK	1985 No.	Value (£m)	1984 No.	Value (£m)
1	1	Morgan Grenfell*	93	6,794.2	64	2,599.4
2	2	S. G. Warburg	58	6,252.8	38	2,805.2
3	4	Kleinwort, Benson	72	5,022.92	48	1,325.02
4	9	Hill Samuel*	74	3,565.1	32	2,617.5
5	10	J. Henry Schroder Wagg†	45	1,923.6	25	674.7
6	5	N. M. Rothschild & Sons*	17	1,859	15	1,167
7	8	County Bank*‡	36	1,488.14	33	804.45
8	—	Baring Brothers	25	1,270.8	24	661.7
9	6	Samuel Montagu*	33	1,256.9	36	657.4
10	7	Hambros Bank	18	787.92	16	893.7

Table consists only of deals concluded in 1985 involving UK companies as at least one party. Bids such as Hanson Trust/Imperial Group, Imperial Group/United Biscuits, Guinness/Distillers, Argyll/Distillers, BHS/Habitat-Mothercare, GEC/Plessey are not included, since they were not resolved until 1986.

* 1984 figures restated by the banks. † J. Henry Schroder Wagg—in 1985 acted for Energy Services & Electronics and for Matthew Brown, and in 1984 for Martin the Newsagent, each of which received two takeover offers. Figures include both offers. ‡ County Bank includes in 1984 (restated) figures US$113.5m converted in 1984 £-$ average exchange rates £-$1.3364.

Research by Jan Schling, Editorial Research

Corporate Finance 3

US Banks

Rivals on the merger scene hasten change

A NEW dimension has been added to the UK takeover scene by the arrival of US investment banks, keen to grab a share of the lucrative mergers business currently dominated by the British merchant banks.

US banks, such as Goldman Sachs, First Boston and Citicorp, are making London the base for much of their non-US mergers and acquisitions business. Many of the deals they put together may not involve a British company at all.

Takeover bids have long been a feature of the corporate scene in Britain and the US. While they still remain a rarity in continental Europe and other parts of the world, more and more company chairmen are starting to realise they can get a better deal by calling a professional merger broker rather than agreeing a cosy deal with the company down the road.

The US banks, with their global networks of contacts, are ideally placed to operate on an international scale. But it is their increasing involvement in the UK takeover scene that is starting to cause headaches for their British rivals.

Publicly, the British merchant banks continue to dismiss the Americans as brash young upstarts who have yet to learn the ropes and build up the connections needed in the City. Privately, some merchant bankers will admit to a sense of unease at the arrival of such powerful rivals.

Even without the Americans, the British takeover scene is undergoing rapid change as new techniques are tried and the old conventions are swept away. The arrival of the Americans can only hasten that trend, says Mr Richard Kelly, vice-president, mergers and acquisitions, at First Boston.

With a conviction which must make his British counterparts shudder, Mr Robert Agostinelli, number two on Goldman Sachs' London mergers team, asserts that the traditional UK bid defence is dead. "Making a profit forecast, raising your dividend and revaluing your assets may only assist the corporate predator to underwrite his offer," he says.

The Americans have been building up their London teams for some years now. They always act in tandem, and sometimes as a team of three, with a British merchant bank, and they have tended to keep a low profile.

But with Big Bang, when the City sweeps away many of its traditional practices due in October, the Americans are starting to adopt a more aggressive stance. After Big Bang, foreign institutions, many of which have acquired UK broking and jobbing firms over the past year or so, are expected to take a much bigger share of London's business.

In the mergers field, the Americans have tended to concentrate on advising companies fending off takeover bids, rather than the aggressors.

This partly reflects a belief that defence is a more profitable business than attack. US banks are forbidden by their own country's banking regulations from underwriting share issues—which is one of the most lucrative businesses for their British rivals. It also reflects a wish not to be seen as aggressive interlopers before they have become more firmly established in the City.

First Boston is currently advising Plessy on its defence against the £1.2bn takeover bid from GEC, the rival electronics concern, although Plessy's bid defence is headed by a British merchant bank, Kleinwort Benson.

First Boston also says it is advising a dozen other British companies which are not at present faced with a hostile bid yet conscious they may be vulnerable. It is providing advice to these companies on how to increase their stock market value and make themselves less attractive to a bidder.

Goldman Sachs is involved in another of the recent crop of takeover battles, helping N. M. Rothschild and Charterhouse Japhet advise Woolworth Holdings on how to fend off Dixons, the electrical retailer. But it has built up an impressive list of battle honours over the past four years, helping to defend Thomas Tilling, Sothey's, Debenhams and Imperial Group.

None of these companies managed to maintain its independence, but all did manage to achieve a higher value for their shareholders than the predator was initially prepared to offer.

"We bring an added dimension to the defence," says Mr John Thornton, at 32, head of Goldman's London-based mergers team. "Our particular expertise is in valuing a target company and letting the management know the alternatives to the bid." The most striking example of this technique occurred at Dunlop, the ailing tyre and rubber products group which attempted to fight off a takeover bid from BTR in early 1985.

Goldman suggested the sale of Dunlop's US subsidiary to its management as a way of demontrating the underlying value of the battered Dunlop group as a whole. The US Dunlop management's willingness to pay £140m for its company helped persuade BTR to more than double the value of its bid.

Companies must weigh up the best way to obtain maximum value for their assets if they decide on a disposal programme, Mr Thornton believes. A sale to the management team, backed by institutions, might be the best method. For other business a direct sale to another company or a public flotation of its stock might add more value.

Coverting fixed assets, such as property, into marketable securities, is another method of increasing a company's value, advocated by Goldman. The securitisation of assets, as it is known, could be used as a bid defence. Last month it was used for the first time—though not in a bid context—to float Billingsgate City Securities, the sole asset of which is Montagu House, an office block in the City.

Citicorp, the world's largest bank, has taken a different route to building up a presence in the London takeover market. It has put its name and money behind the financing of a number of major bids. Again, its international contacts help bring business its way.

In January 1985, Citicorp agreed to provide £100m to Entrad, an Australian textile group, to help fund its highly-leveraged bid for Tootal. Citicorp then introduced Entrad, with which it had a long-standing relationship, to S. G. Warburg, the British merchant bank, which took the lead in handling the bid strategy.

The Entrad bid failed, but the experience proved useful, for a few months later Citcorp headed a consortium of eight international banks providing much of the finance for Elders IXL's £1.8bn bid for Allied Lyons, the British food and drinks group.

Britain's measured 60-day timetable for takeovers contrasts with the faster pace of US bids, and the British shareholder enjoys far greater protection than his US counterpart. Nevertheless, the US banks are adapting to London's different conditions and their role seems set to increase.

Charles Batchelor

New Issues

Records go, variety widens

IN THE market for new issues it is difficult for any company to hold on to a record for long. The size of flotations is getting larger, the flow faster, and the hype more unrelenting.

Most records were broken several times last year, and are certain to be broken again in the next 12 months. Wellcome, the international pharmaceutical group which joined the market in November, was then the largest privately owned company ever to go public, with a value of £1bn. However, it will shortly be upstaged when the TSB is floated on the Stock Exchange later this summer.

Meanwhile, the variety of newcomers to the market has never been wider. Investors have been willing to put up money for fast-growing businesses with no asset backing, which have been floated on high ratings, as well the most unglamourous engineering and industrial groups being sold at more pedestrian prices.

The sector which last year attracted more entrants than any other was peoples' businesses: companies involved in advertising, marketing and PR. The recent swarm of newcomers has included Chetwynd Streets, Charles Barker, Lopex, Gold Greenlees Trot, Davidson Pierce, Yellowhammer and Shandwick. Most of the flotations went well though, partly as a result of the deluge, the ratings which the companies have commanded on arrival have fallen during the year.

Another popular sector has been retailing, which was joined last year by Laura Ashley, an issue which attracted a storm of publicity and a mass of hopeful shareholders. Despite a stretching issue multiple, the issue was 34 times oversubscribed, and the shares opened at a huge premium.

Underwoods, the chemist, met with a similar reaction, and the shares at the end of the first week were nearly 40 per cent higher than the minimum issue price. At the time, it seemed that both issues had been glaringly underprice. However, the share prices of both companies have subsequently been weak, due less to any reappraisal of their prospects, than to a waning of the surrounding hype.

This pattern—whereby the market overdoes its inital enthusiasm for an issue—is becoming commonplace. British Telecom is the best example of all: the partly paid shares reached a premium of nearly 100 per cent after the first day of dealings, only to have underperformed the market by a wide margin since then.

It is still too early to see whether the same will happen to Wellcome, one of the most successful as well as largest flotation over the past year. The Wellcome float demonstrated clearly how difficult it is to price a large issue correctly.

The level set by Robert Fleming, the merchant bank adviser, reflected the company's heavy exposure to a falling dollar, and the fact that rapid growth from its next generation of products was still a while off. The price was fixed at a narrow discount to other companies in the sector, and brokers' analysts judged the price to be appropriate. But the issue was enormously oversubscribed, and sucked nearly £4bn out of the market. The price reached a high point of almost 100 per cent above its issue price, and, despite a later fall, still represents an immodest profit for its early investors.

Thanks to a strong bull market over the year, few flotations have flopped. However, among the failures has been a preponderance of US companies—UK investors seem suspicious of any company that raises money so far from home, and are not impressed by the reasons normally given: that the regulation of the market here is less onerous to a growing company, or that it wants to do more trade in Europe.

Most of the US companies that have joined the market recently have been small high-tech concerns seeking a quote on the USM. The market has good reason to feel sour about such companies, as they have been more than usually accident-prone. The most dramatic recent disappointment was Lexicon, which had its shares mysteriously suspended due to sharply worse trading conditions only a few weeks after its arrival on the market six months ago.

Last-minute applicants for shares in Laura Ashley queue outside Barclays Bank, in Farringdon Street.

Meanwhile, the two large US companies which were brought to London for a listing this year were both poorly received. Cazenove, which single-handedly brought Templeton, Galbraith and Hansberger, the fund management group, to market had to fight to get the issue away. More dramatic was the flop of Mrs Fields, the £200m US soft cookie company, nearly all of which had to be digested by the underwriters.

As well as from the US, more and more companies are coming to market as a result of a management buy-out coming to maturity. A management buy-out is inevitably a temporary arrangement, and many are staged with a view to floating the company before long. In the present bull market conditions, this period can be surprisingly short. Westbury, a housebuilder, and Evans Halshaw, a motor distributor, have both been floated in the last few months as a result of successful buy-outs which had taken place less than 18 months earlier.

It seems likely that the recent boom in management buy-outs will foster a mini-boom in stockmarket newcomers. Some of the quoted companies that have been recent subjects of management buy-outs may soon return to the market. Haden, the building and industrial engineer, which was bought out a year ago, could shortly come floating back.

In this year's new issue calender, the high spot from the private sector will be the flotation of the TSB, which nearly went on to the backburner forever as a result of a legal verdict—subsequently overruled—which said that the bank belonged to its depositors. The TSB is likely to be the first private-sector issue to get private investors out in force, and it is hoped that an army of first-time shareholders will be created by the flotation.

Meanwhile, a fat bundle of other companies have declared their intention to get a listing in the next few months. The richest offerings will come from the financial sector, where, in addition to the TSB, there will be Morgan Grenfell, the merchant bank; GT, the fund management group; and perhaps Target, the life company. Of these, the most important will be Morgan Grenfell, which should be valued at more than £400m.

Not all of the companies getting ready for a float will necessarily go ahead. Much depends on the stock market, and if sentiment starts to turn sour many of those in the queue may re-think their plans. Already there has been at least one casualty of this summer's drab market: Target last month postponed a £125m float which had been scheduled for June, but which will not now occur until the autumn at the earliest.

Lucy Kellaway

The USM

Why the protege got a page

THE UNLISTED Securities Market has become such a well-established part of the City that it is sometimes easy to forget that it has been around for less than six years.

Founded in November 1980, the market was launched to counter a fall-off in the number of companies seeking quotations on the stock market in the mid-to-late 1970s.

By introducing a second-tier market with less stringent requirements and lower entry costs, the Stock Exchange hoped to restore the rate of flotations to levels last seen before the bear market set in earlier that decade, and so restore an essential source of equity capital to small and medium-sized businesses.

By that criterion, the USM has undoubtedly been a success. Main market new-issue activity has seen only a partial recovery in recent years, but it has been consistently outpaced by activity on the USM; and the combination of the two has brought the best flotation rates for the stock market as a whole since 1972-73.

The Stock Exchange is understandably proud of its junior protégé's progress. In its series of advertisements, aimed at increasing public awareness of the Stock Exchange's role, it took a full page to speak of the USM's "conspicuous success."

It pointed to the fact that 443 companies had come to the market so far, and in the process had raised some £850m for expansion. Of these companies, 55 had moved to a full listing, 31 had been absorbed through mergers or acquisitions, and only a handful had ceased to trade.

"In short, to hundreds of young and growing companies, the USM has proved its worth as a market for capital," the Stock Exchange said.

In doing so, the USM has provided a lively market for the services of corporate finance specialists. However, the names most commonly associated with the USM have changed since the market's early days.

At the inception of the USM, many flotations were handled by smaller firms because the larger ones wanted to see how the market settled down before they became involved. Today this has changed: now that the market has attained maturity and respectability, merchant banks vie with some of the leading stockbroking firms for sponsorship of USM debutants.

In the USM's first year, for example, the top five sponsors by number of new issues were Tring Hall, Laing & Cruickshank, Barclays Merchant Bank, Capel-Cure Myers and Rowe Rudd. According to statistics compiled by accountants, Peat Marwick, the cumulative totals to the end of last year present a different picture, with only one name common to both lists. The top five were Simon & Coates, Phillips & Drew, Capel-Cure Myers, County Bank and Hambros Bank

For all the buoyancy that the USM has seen since its inception, however, one large cloud obscures its destiny. As Big Bang draws closer, a certain degree of nervousness has become apparent over what the ramifications for the junior market could be. Concern centres mainly on the marketability of USM shares under the new dealing arrangements which will apply from October 27.

Trading in USM stocks is already thin, partly because a limited proportion of their shares are in public hands, and partly because the companies are so small in any case. Brokers Hoare Govett put the average USM market capitalisation at £11.7m, and the average free capital at 39 per cent.

The fear is that, after Big Bang, the new market-makers will be so busy competing with each other for trade in the stock market's 200 most active stocks that the USM will be neglected altogether and revert to the status of the Rule 535(2) market from which it sprang—ill-researched and with share transactions taking place only on a matched basis between buyer and seller.

These fears are almost certainly exaggerated. For one thing, Big Bang will not, of itself, have any effect on the amount of stock available in USM companies, so this will not be a reason for a diminution in trading. It will only have an effect if the amount of research into, and marketing of, USM stocks falls off or if the number of market makers declines.

Neither seems likely. If anything, the reverse is happening: many stockbroking firms, fearful that margins on trading the biggest stocks will be cut to the bone, are looking at the possibility of expanding into other, potentially more lucrative, areas.

One area of activity that has been attracting particular attention is the trading of stocks in smaller companies; and several brokers—Hoare Govett, James Capel and Capel-Cure Myers, to name but three—have set up specialist units to research small companies and to market their shares.

If there is an area of legitimate concern over the USM's future, it is that these brokers seem likely to restrict their market-making activities to two classes of company: those in which there is enough interest and stock availability to make for a lively market, and their own corporate clients.

The first type of company presents no difficulty. Indeed, it may well enjoy a wider level of research and market-making than it does already. In the second class, however, it appears that in some cases, single broker/dealer entities will have a monopoly both on research and dealing in a company's shares—a situation that will test the resilience of Chinese walls to the full.

There is also a third class of company which could face real hardship. This is the slow-moving, family-run business with a market capitalisation of around £2m, 80 per cent of the shares in the family's hands, and a small broking firm which will not have dealing capacity after Big Bang.

It is hard to imagine just who is going to be left to make markets in companies such as these: County Bisgood, the stockjobber which at present makes a market in every USM stock, has already said that it may rescind that undertaking, and no other parties are jostling to take its place. Yet this type of company is virtually unmarketable already, and it would be a mistake to put all the blame for making it so on Big Bang.

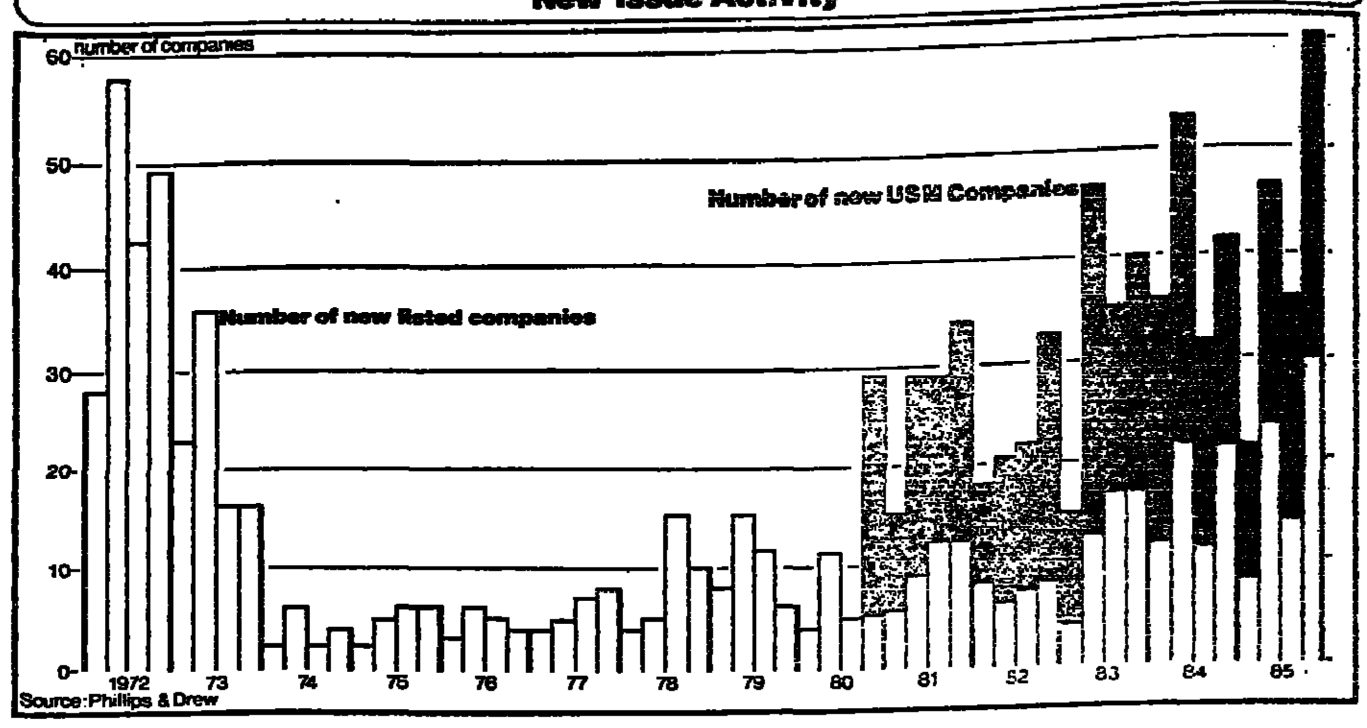
If the USM does face difficulties, they are much more prosaic than the ramifications of Big Bang. A more immediate problem appears to be over costs, for even with some sponsors prepared to do business at break-even or below, as a loss leader to capture corporate clients, the cost differential between a USM flotation and a main-market one has narrowed.

Some companies, which see the USM as a stepping stone to the main market, are now deciding that for the sake of a few pounds more, they may as well go straight to the main market, and there are signs that the USM is losing business to its bigger brother.

All is not gloom, however. The Stock Exchange's proposal to limit the £3m ceiling on the amount that can be raised by companies coming to the market through a placing means that more companies will be able to use this comparatively cheap method of flotation; and, since the cost advantages of a USM flotation tend to be greater with a placing than with an offer for sale, it seems likely that the move will rekindle an interest in coming to the USM which has in recent months shown signs of faltering.

Richard Tomkins

New Issue Activity



Privatisation

Gas gives its sponsors a headache

SUCH IS the gusto with which the Government is pursuing its privatisation programme, that few nationalised industries remain which are not being groomed for the private sector.

Most are due to be privatised sooner rather than later, as the Government is firmly committed to raising £4.75bn in each of the next few years from the sale of state assets.

Last year, it met its targets by selling further slices of companies that had already been floated—British Telecom, Cable and Wireless and Britoil. For the next two years, however, there is a list of newcomers, starting with the biggest of them all: British Gas.

The flotation of British Gas will be the largest sale of shares ever attempted anywhere in the world, as well as being the most ambitious privatisation yet. It will take place in November, when it is hoped that the market will have regained its balance after the 'Big Bang', scheduled for October 27.

British Gas is likely to be valued at about £6bn, half as much again as the £3.9bn raised on the first half of British Telecom, which then broke all records. The Telecom sale was regarded by the Government as a great success, and will be the model for the flotation of British Gas.

Like Telecom, British Gas is going to be a "peoples' share," with the marketing of the issue aimed at the general public as a part of the Government's thrust to encourage wider share ownership. A massive publicity campaign to inform the public about the merits of the company is underway, although the specific pre-flotation publicity will not start for several months. Again, small investors will be encouraged to buy shares by vouchers giving them money off their gas bills.

Because of its size, pricing British Gas will be a headache for its sponsors. Moreover, the uncertain outlook for oil prices, and the absence of anything with which to compare the corporation, will make the task more difficult. The City's record in pricing privatisation issues has not been good, with some, like Telecom and Amersham International, priced far too low, and others like Enterprise Oil and the first part of Britoil, priced too high.

In most of these flotations the shares have been sold in two or more slices, giving the Government more than one shot at getting it right. By contrast, British Gas is going to be sold in one large lump (which, like Telecom, will be on a partly-paid basis, with payment due in several instalments) making it all the more important to get the price right.

To some extent, the task will be eased by a change over the past two years in the London stock market. It has become much more liquid, and institutions are increasingly willing to take on large slugs of stock, of a size that would have been unthinkable only a few years ago.

The scale of the British Gas issue will take the pressure off the Government in meeting its financial targets this year and next. This is just as well, because the privatisation of British Airways, which was due for take off this summer, and which could have raised about £1bn, has now been postponed indefinitely. The flotation had already been postponed several times as a result of litigation surrounding the collapse of Laker Airways, and it has now fallen foul of anti-trust litigation in the US about air traffic between the US and the UK.

Now that British Airways has missed the slot that it was all ready to fill, it may be difficult to fit it into the Government's privatisation timetable, and the autumn of 1987 now looks the earliest possible opportunity.

British Airways is not the only company which has had its plans for a summer floatation overturned. Royal Ordnance Factories was due to be privatised later this month but the sale was aborted shortly before impact day, after a year-and-a-half spent grooming the company for the private sector.

The reason for cancelling the issue was not clear, and the Government merely said that Ordnance had not been transformed into enough of a "fully fledged commercial entity" to ensure a successful flotion.

The decision not to go ahead with the privatisations this year will not have much effect on the Government's ability to meet its 1986-87 target, as the sale was due to raise only £150m.

Indeed, the £4.75bn target for this year will be met in the main by the last £1.2bn payment on British Telecom, and by the first payment on British Gas, which could bring in up to £2.5bn. The Government is likely to fill any gap by the privatisation in the spring of either or both British Airports Authority and Rolls-Royce.

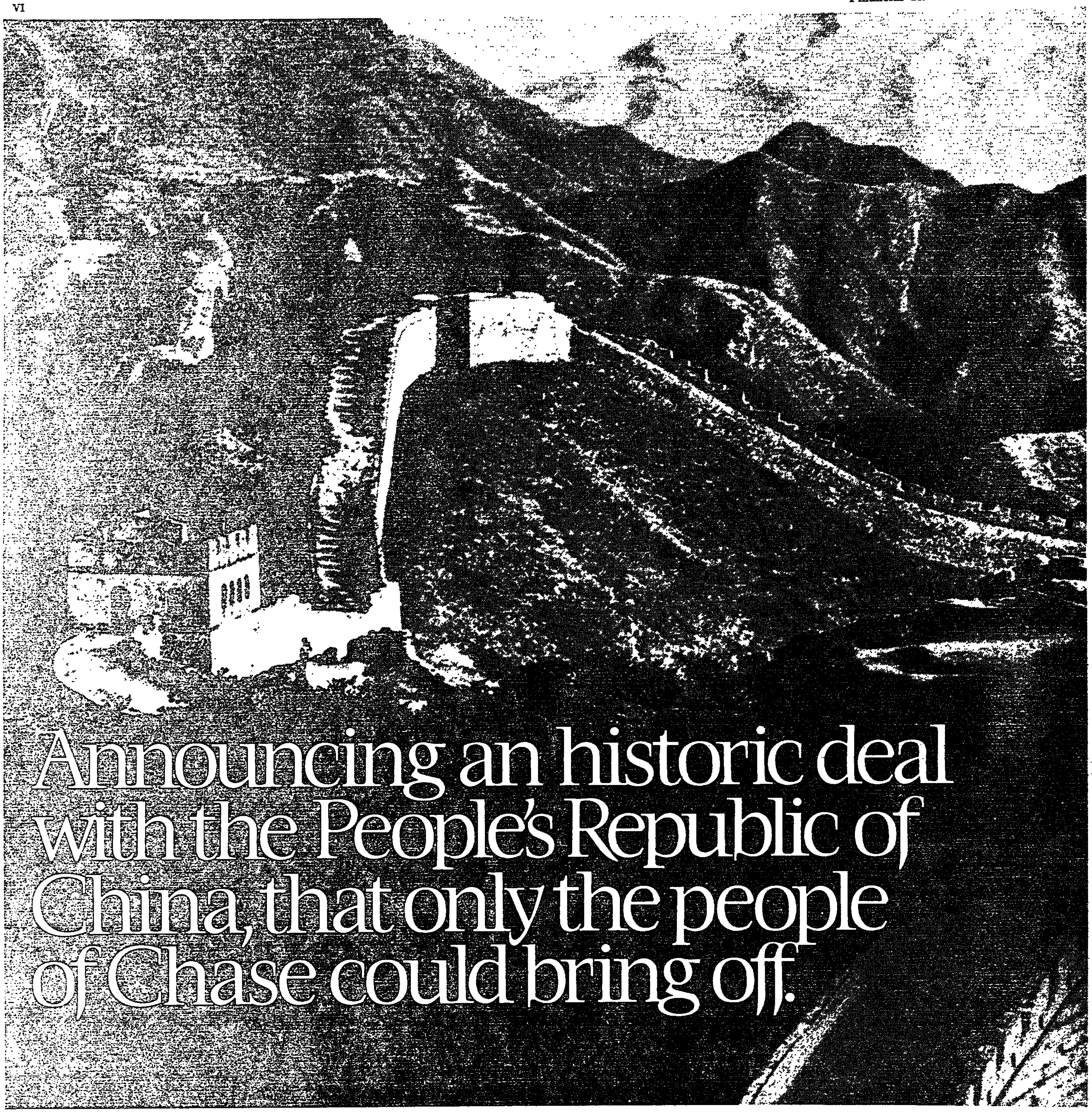
Both companies will be ready for market early next year, and the Government will have to decide whether to bring them into the end of this financial year or the beginning of next. Both are likely to raise for the Government about £500m, although the size of the Jaguar floation may be larger as the company is expected to take the chance of raising at least £100m extra to strengthen its balance sheet.

Next year should also see another of the giant utilities sold off to its domestic consumers, as the first of the 10 water authorities is privatised. Despite pressure from the authorities to be sold together, the Government is keen to sell them individually. None can be sold until a complex package of legislation is complete, which will not be until the end of this year, so that a sale of the more attractive authorities, like Thames, is not likely before the end of next year at the earliest.

Other companies are likely to be sold privately rather than floated on the market. After the failure of efforts to sell off British Leyland subsidiaries, the next assets to be sold in this way are likely to be the National Bus Companies. Sale of the 71 companies will be completed gradually over the next three years, but together are unlikely to raise more than £100m.

Mooted, but so far unscheduled, are a handful of mighty potential privatisations. The Government still has a substantial shareholding in BP, it has the other half of British Telecom and controls the biggest utility of them all: electricity.

Lucy Kellaway



Announcing an historic deal with the People's Republic of China, that only the people of Chase could bring off.

There are currently over 50 major investment and commercial banks in the world.

Of that number, a mere handful were selected to submit proposals for financing a massive electrical power project for Huaneng International Power Development Corporation to meet the future needs of the People's Republic of China.

And of that handful, Chase emerged as the lead bank. Because it offered a combination of characteristics no other bank in the world possessed.

First of all, there was Chase's strength and size. And its true global network. Important because the financing would eventually involve multi-national participants, including a syndication of 19 banks.

Chase also offered specialized knowledge in the power generation industry. This was invaluable to General Electric, a long-standing client, and the company that put the consortium together.

Chase was also able to provide an

effective integration of commercial and investment banking skills (an approach which is fast becoming a model for the industry).

And, of course, there were the Chase people. People with expertise in all fields, from swaps to trade finance to electronic banking to mergers and acquisitions. People capable of working in partnership with their clients and each other. A network of bankers able to act quickly.

This total global banking capability that integrates size, international network, specialized industry knowledge and the broadest range of investment banking products is what sets Chase apart from other financial institutions in the world. It's why we were selected for the China project, and other commercial and investment banks weren't.

Fully integrated global banking capability. Experience it for yourself on your next deal.

No matter how complex it may be, one thing is simple. Which bank to choose.

CHASE

Corporate Finance 8

Roger Brooke (left), chief executive of Candover Investments, with Peter Wreford (centre), chairman and Stephen Curran, deputy chief executive.

Management Buy-outs

When vendors ask too much

MR JON MOULTON has said "no" to a great deal of money nearly 50 times since the turn of the year.

Mr Moulton is managing partner of Schroder Ventures, the risk capital arm of the merchant bank, where a large part of his *job consists of* trying to invest a £72m management buy-out fund raised last year.

His is one of the half-a-dozen or so large specialist buy-out funds that have emerged in the City of London since the middle of 1985 to cater for the growing number of ambitious managers who want to buy their way to independence from family owners, the state, and even — increasingly — large quoted companies.

Some 54 propositions from managers hoping to buy out businesses, for £5m upwards, have come knocking at Mr Moulton's door since January. He is considering financing just three of them.

Two failed to come off at the last minute, and the rest he turned away because they were asking him to pay too much: a telling indication of the overheating which some City observers fear is taking place in this newly fashionable type of deal.

"Most people are now finding the larger deals over-priced," says Mr Moulton. This is partly due, he argues, to the rise taking place until recently in quoted equity prices. "Vendors have to produce a deal that is consistent with their own PE ratios, and that is what is driving up prices at the top end. What happens in a bear market remains to be seen. In theory, prices should get steadier."

The feeling that vendors are getting too demanding is just the same among the largest players in the buy-out market, Electra Investment Trust and Candover Investments. The joint £250m buy-out pool that they launched last November had not made a single investment at the time of writing.

Mr Roger Brooke, Candover's chief executive, said the pair were "actively looking" at four proposals. But he added: "If you cannot see a reasonable return because you are paying so much in interest because you have borrowed so much to pay for the company, then you just do not do the deal."

The over-pricing, which Mr Brooke and his competitor Mr Moulton complain of, is partly a function of the huge supply of cash which has amassed over the past year to finance buy-outs. Electra, Candover, Schroder and the four other big buy-out funds that have been launched in the past 12 months together speak for just over £500m. They are all offering equity. So the total purchasing power they represent — assuming most buy-outs borrow three times more than their equity base — is more like £2bn.

However, critics are sceptical as to whether there really are enough deals available to mop up that amount of money. And it does not include the finance available from the 40 or so smaller specialist institutions in the field, or the substantial sums invested regularly by 3i (Investors in Industry). At the latest count, 3i had put more than £130m into around 525 buy-outs over the past eight years, which it reckons to be about half the number of deals to have taken place in the UK over that period.

If prices are being driven up, managers are also getting much more ambitious over the scale of deal they are prepared to attempt and the circumstances in which they will mount a bid.

Until 12 months ago, buy-outs in the UK typically included distress sales of subsidiaries by ailing parents, disposals of unwanted peripheral operations — the US oil group Sobio's sale two years ago of Carborundum Abrasives is a classic example — or family-owned companies seeking to avoid succession crises.

Those smaller deals have since been overtaken by a series of buy-outs on an entirely different scale, pushing up the amount spent on management acquisitions from £260m in 1984 to £820m last year, according to accountants Peat Marwick. So far this year, buy-outs worth £600m have been completed, and *Peat Marwick* expects the 1986 total to come close to £2bn.

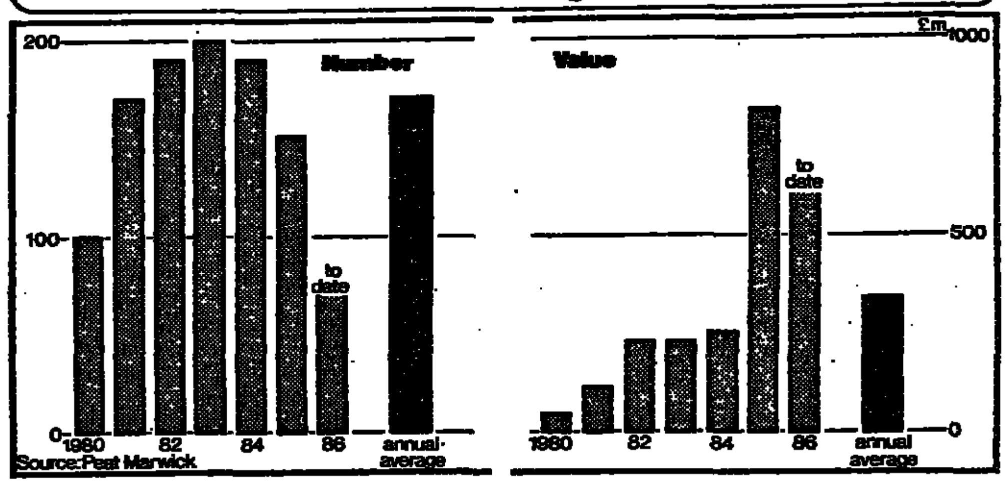
The latest deals, some of which would never have been thought possible as little as two years ago, are taking place for any number of tactical reasons—even in response to unwanted takeover approaches.

Larger management buy-outs 1981-86 (Total funding in £m)

£m	1981	1982	1983	1984	1985	1986 (to date)
Under 25	Famous Names (8) Hornby (10) Anzafene (14)	Stanley Gibbons (9) Isis (12) Stone (18) Amalgamated Foods (21)	SPP Group (9) E & Am Ins (10) Thermalite (12) Victaulic (15)	Essex Holdsaw (9) DRI (22) Paragon (24) Westbury (24)	Brymon Airways (9) Sison (10) Willis Faber (10) Ellerman Lines (10+) Tibbet & Britten (10+) Alexander Howden (12) Record Ridgway (13) Vosper Thornycroft (19) Wades (19)	KDG Instruments (11) Gomme (12) GKN Fasteners (12) Cundell Corrugated (12) Nestor Medical Services (14) Joyes (19) Raybeck (21)
25-50		First Leisure (44)	Hoglo (26) Thopson (42) Collier (47)	Wordplex (28) Simplex (29)		City Merchant Developers (40) Norwest Holst (40)
50-75		NFC (53)		Target (50)	St. Regis (52) Haden (58) Caradon (61)	Parker Pens (74)
75-100					Mallinson-Denny (90) Mecca Leisure (95)	Premium Brands (97)
100+					Mardon (273)	Vickers/Cammell Laird (100)

Larger management buy-outs are taken as those with total funding of over £10m in 1986 values.
Source: Peat Marwick

Estimate of total UK Management Buy-Outs



The first British example of such an escape trick was the £55.8m management acquisition of Haden, the engineering group, completed last June to beat off unwelcome invaders from Trafalgar House.

That was the largest ever UK buy-out at the time, but was soon to be put in the shade by the takeovers of: Reed Building Products (since renamed Caradon), the Mallinson-Denny timber products group, Mecca Leisure, Mardon Packaging, Parker Pens, the Cadbury Schweppes food and beverages interests (now called Premium Brands) and the Vickers Cammell Laird shipyards. Details are listed in the accompanying table.

While management teams can now act as their own white knights in unwanted bids, thanks to the financial weaponry assembled by the City, one great risk of mounting a management takeover approach is that it can all too *easily alert outsiders to the fact* that the business might be open to offers. The Cadbury Schweppes deal is a prime example.

Its management consortium had to increase the original £82.5m offer for the food and beverages division to £97m after Allied-Lyons, the food and drinks group, had put in a £100m offer. Ranks Hovis McDougall, the food manufacturer, was also believed to have been ready with about £95m.

Cadbury justified the slightly lower management offer by saying that it wished to protect is brand names in food and drinks, an illustration of how it can sometimes make better strategic sense for the vendors to accept a management bid, *despite attractive* outside offers.

However, the primary motivation behind the growing popularity of buy-outs is a feeling by many big companies that they need to slim down and concentrate on their core businesses after years of expansion through sometimes hastily considered acquisitions.

That has been helped along by the *increasingly* sophisticated financing techniques being developed by the City to permit managers to obtain significant equity stakes in the business for relatively small sums in relation to the size of the deal. Some US banks, in particular, see UK buy-outs as a useful opportunity to get a foot into a corporate finance market which is otherwise very restricted. They include Citicorp, which last year launched a £100m buy-out facility and Manufacturers' Hanover Trust, which recently announced that it will be building up its UK buy-out operations.

British institutional investors, meanwhile, have been building up the unquoted portions of their portfolios in recent years in response to the boom in venture capital. During that process, some of them have seen how some small buy-outs have achieved stock market flotations at big premiums soon after the original investment.

The successful flotations of former buy-outs like Instem, the USM-quoted electronics group, the Wardle Storeys plastics group or Carbordundum Abrasives, has tempted financial institutions to repeat the same gains on a much larger scale.

William Dawkins

Takeovers

Into battle as the survivors seek expansion

IT HAS been a momentous 12 months for those in the City who make their living from conducting takeover battles — and for *organisations such as the* Takeover Panel and The Stock Exchange which have the job of regulating them.

Not only did bid activity reach unprecedented levels in 1985 (though, when inflation is taken into account, 1968 and 1972 were even busier years), the inventiveness of the corporate finance departments of many merchant banks produced a whole range of new bid — and defence — tactics.

An unwelcome side-effect of all this activity was that the City's pragmatic approach to overseeing takeovers, by means of the self-regulatory Takeover Panel, came under increasing pressure.

The willingness of the bankers to stretch or bend the rules, and to turn to the courts if they do not get their way, has fuelled fears among some observers that the present flexible, speedy system may have to make way for a formal, legalistic procedure on the US model.

The merger wave has been gathering strength over the past few years. Company balance sheets have become stronger as a result of rising profits, retained earnings and liquidity. The strength of the stock market has allowed companies to finance deals relatively cheaply by the issue of their own shares.

Companies which survived the recession have been able to think of expansion after years of retrenchment, and, for many, buying a going concern is cheaper and quicker than building a business from scratch.

A more recent development of considerable importance has been the Government's expressed commitment to taking a hands-off attitude to takeover bids. Competition has been established as the main criterion for weighing up whether a bid should be referred to the Monopolies and Mergers Commission.

Merchant banks have been taking a more aggressive stance towards business in the run-up to "big bang" in October, when many of the Stock Exchange's long-established rules will be swept away, and powerful US and other foreign banks and brokers are expected to become more active. Long-standing cosy relationships between merchant banks and their clients are being replaced with more *ad hoc* arrangements over individual deals.

Conventional fee structures have started to be replaced by arrangements which reward results. In the battle between Guinness and Argyll Group for Distillers, both bidders broke with convention to reward the underwriters of their offers more highly if the takeover succeeded than if it failed.

Morgan Grenfell, which was advising Distillers, has won a reputation for aggressive bid tactics, which have brought it into conflict with the regulators more than once in recent months.

Morgan spent a total of £540m buying shares in target companies on behalf of its clients United Biscuits (disputing control of Imperial Group with Hanson Trust), Guinness and Rank Organisation, which launched a bid for Granada.

The Bank of England feared that Morgan, with *net worth of* only £174m, was going beyond the bounds of prudence, and intervened to impose tighter rules on purchases of this kind, to limit bank's exposure to any one company.

The Stock Exchange also intervened in the battle for Imperial to tighten up the rules governing how much companies may invest without seeking shareholders' approval. United, with a net worth of just £410m, had *indemnified Morgan* for any losses on shares worth £360m. The Stock Exchange specifically included indemnity agreements in its new rule.

The bids for both Imperial and Distillers introduced another new phenomenon on the takeover scene. For the first time, bidders repackaged deals to circumvent a reference to the Monopolies Commission.

When United Biscuit's bid for Imperial was referred to the commission on *the grounds it* would reduce competition in the snack and crisp market, the way seemed clear for Hanson Trust to walk away with Imperial.

It reckoned without the inventiveness of United and its merchant bankers, Morgan Grenfell. United immediately started *looking for a buyer for* Golden Wonder, Imperial's snack subsidiary, and relaunched its bid with a promise that it would dispose of Golden Wonder if it won. In the event, Hanson finally carried the day.

These tactics, and the growing feeling that multi-billion pound mergers should not necessarily be stopped because they reduce competition in peripheral areas of either company's business, have led to a questioning of the *present long-winded monopolies* procedures. A monopolies inquiry takes six, and sometimes nine, months.

Critics look to the far speedier clearance process in the US, and ask whether a more streamlined system could not be adopted in Britain.

The realisation that something could be done about the threat of a monopolies reference has soon been acted on by other bidders. Dixons, advised by S. G. Warburg in its £1.9bn bid for Woolworth Holdings, agreed the sale of Comet, Woolworth's electrical chain, before the question of a reference had even been considered by the Office of Fair Trading (OFT).

If the OFT and the Monopolies Commission faced a challenge to their authority, the Takeover Panel spent much of the year under a state of permanent siege by the merchant bankers.

For *long* regarded as being somewhat limp-wristed, the panel made a determined effort to stamp its authority on several bids. This had a positive impact on the panel's image, but it also revealed inconsistencies in the approach adopted by the panel executive—in charge of day-to-day affairs—and the full panel of part-timers who act as a court of appeal.

In December, the full panel rejected an attempt by Scottish & Newcastle Breweries to buy more shares in Matthew Brown, the regional brewer, in the 90 minutes allowed for counting acceptances already received. In those 90 minutes, S & N and its bankers, Morgan Grenfell, had acquired just enough shares to tip them over the 50 per cent level.

The panel acted firmly in this instance, but it tacitly acknowledge that its rules had not been clearly formulated, and it overturned a previous, favourable ruling from its own executive.

The full panel also acted with unexpected firmness in ruling that Mr Robert Maxwell, published of the Daily Mirror, had acted in concert with Demerger Corp in the latter's £170m bid for Extel, the information group. This ruling, which overturned an executive decision, meant Mr Maxwell could not renew the bidding for Extel for a 12-month period.

An even greater furore was caused by the panel's decision to clamp down on the mushrooming takeover advertising business. It ruled in March that no ads would be allowed which denigrated the opposition in a bid, or which made unfair use of statistics to back arguments.

Some bid protagonists have side-stepped the panel and gone to the High Court for a ruling in disputes. Many see this as the most serious long-term threat to the principle of self-regulation.

Currys, advised S. G. Warburg, started this trend in late 1984, when it went to the High Court in an unsuccessful attempt to block a takeover bid from Dixons.

The £1.2bn bid campaign by GEC for Plessey has prompted legal action from both sides. Plessey attempted to get a US court to rule that GEC should follow US bid procedures in wooing Plessey's American shareholders. GEC, in turn, sued Plessey for libel over parts of Plessey's defence document, which GEC's chief exexecutive Lord Weinstock described as "doing credit to Dr Goebbels."

The drama and the fury of a small number of high-profile bid battles often serves to obscure the fact that an acquisition is only the start of the process of absorbing the new business. Recent corporate history has its fair share of takeovers which went badly wrong. When the excitement of the chase has worn off, how many of today's bid predators will regret their acquisitive urge?

Charles Batchelor

Small Businesses

Rules are the snag, not capital

SOURCES OF finance for small companies in Britain have never been so plentiful or as numerous as they are now.

An explosion in the availability of private venture capital has combined with the growth of a host of government-sponsored measures over the past five years to transform the climate for small companies in search of cash.

The Government is promoting the sector as an important contributor to job-creation; while investors are increasingly recognising the value of small companies in developing new technologies faster, more flexibly—and therefore more profitably—than their larger counterparts.

Certainly, important gaps still exist at the smaller end of the corporate *finance market*. Yet most small businessmen today would accept that their main problems are more to do with matters like excessive government regulation, tax or getting money out of customers than with raising capital.

Small amounts of venture capital have been available formally in Britain since the 1930s. But the provision of risk finance did not really take off until the establishment, in *November 1980, of the Unlisted* Securities Market. For the first time, this provided investors in unquoted companies with a relatively quick and cheap way to realise their profits, a function which the increasingly restricted and elitist main stock market of the time was signally failing to perform.

British venture capital has grown from barely a dozen players at the USM's foundations to 113 fund management organisations at the lastest count—and that does not include the scores *of one* or two-man outfits operating on the fringes of the industry.

Encouraged by the high valuations achieved by some of their earlier USM flotations—though there is evidence that the new issues market is getting cooler—big institutional investors like pension funds, insurance companies and merchant banks have poured some £700m into venture capital funds over the past five years.

The signs are that the industry is entering a new phase whereby *fewer* new management groups are being formed, and in which new funds are getting harder to attract, because institutional backers want to see how their earlier investments have performed before pledging more money to unquoted businesses.

Meanwhile, a growing proportion of venture capital investment—25 per cent last year—is going towards propping up existing portfolio companies rather than backing new projects.

Investors' focus is also shifting away from the early-stage ventures (which, for most people, typify venture capital) and towards large management buy-outs of established businesses.

British venture capitalists made just 13 per cent of their investment in start-ups last year—down from 17 per cent in 1984, according to Venture Economics, the US research consultancy. Buy-outs, meanwhile, took 38 per cent of the cake, up from 28 per cent in the previous year.

Total fund-raising, meanwhile, rose from £231m to £278m in the same period, though the 1985 total included £75m for a specialist buy-out fund, an activity not normally associated with venture capital. That suggests that pure venture fund-*raising is* actually declining. Venture capital investment reached a record £326m last year, and that excludes the substantial sums invested in small companies by 3i (Investors in Industry), £108m in the year to March 1985.

As a mark of the growing popularity of large buy-outs, the average size of venture capital investment rose slightly last year to £289,000. This also lends weight to the often heard small *businessmen's criticism that the* industry does little to provide seed finance for ventures in their very earliest stages.

The two-and-a-half year-old Business Expansion Scheme, which permits private investors to claim tax relief for backing unquoted companies, has certainly helped to fill the so-called funding gap. The average investment made by BES funds is around £150,000. One recent survey suggests that around a third of BES companies raise less than £50,000—though they account for a minute proportion of the money that goes into the scheme.

The BES can take credit for drawing an unprecedented number of private individuals into small business investment and *for* generally heightening awareness of venture capital among City institutions. Several merchant banks, for instance, have formed BES funds.

It has fired the imaginations of many thousands of small investors, who put £136m into 688 companies in 1984-85, well up from the £105m raised by 715 BES ventures in the previous year. It seems likely that Chancellor Nigel Lawson's decision to exempt the disposal of BES shares from Capital Gains Tax in his latest Budget will help stimulate another rise in interest in the scheme this year. BES investors can also offset the full cost of buying shares in unquoted companies against *their top marginal income tax* rates up to a maximum of £40,000 annually.

Not that the scheme has been without its problems. Ever since its formation, in early 1983, it has been exploited vigorously by a range of asset-rich enterprises, from farms to property developers and fine art dealers, which run directly counter to the Government's aim that the scheme should help companies that are unable to get equity from normal commercial sources.

The Government moved to direct the scheme more towards its intended targets in the March Budget, when it decreed that businesses with more than half of their assets in land or buildings would no longer qualify for the BES. However, it may be no more than a matter of time before some of the City's more creative minds dream up new schemes to give investors BES tax relief with maximum security.

Lower down the corporate finance scale, the Loan scale, the Loan Guarantee Scheme has made a faltering but significant contribution to channelling money to businesses that are too small or risky to qualify for normal commercial loans.

The LGS, recently made cheaper and given a three-year lift (rather than being subject to an annual review), provides a 70 per cent government guarantee in exchange for a 2.5 per cent premium over normal small business lending rates. The premium over normal small business lending rates. The premium applies only to the guaranteed portion, so it works out as 1.75 per cent over the whole loan.

By the end of January, the LGS had helped 17,000 businesses, with goverment guarantees worth £554m, since its establishment in a blaze of optimism just over five years ago. The scheme was intended to make it easier for the more marginal propositions to get bank loans, but but critics argue that the LGS is counter-productive because it asks small businesses to pay over the odds for finance during their most vulnerable early stages of development.

Certainly, the extra costs imposed on borrowers by the premium element appear to be one reason why the LGS has fallen a long way short of being self-financing, as its creators intended. Claims by the 30 participating banks had reached £119m by the turn of this year, though that goes down to £91m taking account of premium income. Meanwhile, demand for LGS loans had been dwindling sharply until the scheme was revitalised earlier this year.

Despite the expansion in availability of small company finance, many entrepreneurs stillcomplain that they are being unfairly left out in the cold when it comes to raising cash. Businesses looking for less than £100,000 in equity capital, for instance, are likely to have an uphill fight. Venture capitalists' monitoring and appraisal costs are mostly fixed, so small ticket equity finance is usually considered unprofitable.

Meanwhile, venture capital remains very much a London-based industry, in spite of the recent establishment of a number of new regional funds. According to *Venture Economics*, some 60 per cent of venture capital last year went to London and the south-east, with the north getting a paltry 6 per cent.

William Dawkins

The City Revolution

A unique global battleground

PEOPLE with passably reliable memories stretching back over the past three astonishing years in London's financial markets will recall that the original reason for the City Revolution was something to do with abolishing the Stock Exchange's fixed scales of commissions.

But the original motives have long since been overwhelmed in the stampede by many of the world's biggest banks and securities groups to leap through the window which has been opened in London.

The rapidly developing worldwide securities market is an irresistible attraction to international banks which have burnt their fingers badly on Third World loans and find that their big corporate customers can now command finer rates on the money markets than they can themselves.

Of the world's three main financial centres, London is the only place where foreigners can enter freely and conduct a full range of financial market activities. New York is still cluttered with the obstacles presented by the Glass-Steagall Act. So is Japan, where investment banking and commercial banking are also rigidly segregated, with the additional complication that the barriers to foreign entry are being lowered very slowly.

So the London securities markets after October 27, the day when the "Big Bang" deregulation takes full effect, will be a uniquely competitive battle ground for the most powerful forces in the global market.

The contestants include a handful of UK-owned groups founded on existing merchant or clearing banks, including Mercury International Group, Barclays de Zoete Wedd, Morgan Grenfell, Montagu Greenwell, NatWest Investment Bank and Kleinwort Benson.

There are the top US investment banks, including Salomon Bros, Morgan Stanley, Merrill Lynch, First Boston, Goldman Sachs and others—though of these only Merrill has bought existing London Stock Exchange firms.

Commercial banks from the US include Citicorp, Chase Manhattan and Security Pacific, all of which have bought London firms to provide the securities market expertise they lack at home. American Express, which owns Shearson Lehman in New York, straddles the commercial and investment banking categories.

The Japanese are also ambitious Nomura has already joined the Stock Exchange, but its smaller rivals Daiwa, Nikko and Yamaichi are for the time being blocked by political problems over reciprocal access by UK firms to the Japanese markets.

From Continental Europe the representation is sparse, but Union Bank of Switzerland is bidding to be a major player, Crédit Suisse, Paribas and Sociéte Générale have all bought into the London stock market on a more modest scale. A couple of Canadian institutions have also moved in.

In addition there are various other British groups whch are often well-established locally but may have to struggle to keep up with the global giants. They include Hill Samuel, Schroders, Baring Bros, Robert Fleming and Mercantile House. There is also Lloyds Bank, which has chosen to build its securities business patiently from scratch without splashing out on goodwill payments.

Plainly there are too many contenders in the market in the run-up to Big Bang, and the excitement in the months after October is likely to centre on the manner in which rationalisation will take place among the major groups.

If the pattern follows that of New York after the May Day deregulation 11 years ago there will be a severe squeeze on the middle-sized firms. Many will be forced to adopt more modest niche strategies if they are to survive and remain profitable—but only a few of the prominent London firms, such as Lazard and Cazenove, have so far settled for limited, specialised roles.

Certainly there will be plenty of scope for well-run niche businesses. Exactly how much could depend on the success which the majors have in managing their highly complex businesses, and in particular in handling the conflicts of interest which inevitably arise in large, integrated financial groups.

For example, firms will walk a tightrope when they make markets in the stocks of companies for which they act as corporate advisers. Clearly there must be a "Chinese wall" to prevent information from leaking to the trading desk.

But often the traders will want to react to market rumours, and if these are accurate, as they all too often are, it may appear, albeit incorrectly, that an internal leak has taken place.

One solution could be that investment banks should not make markets in the stocks of their corporate finance clients. But that would largely destroy the point of having integrated operations. Small companies, after all, will rely on their sponsoring investment banks to ensure that a liquid market is maintained in their shares, extending the existing tradition of the "shop" or company broker.

Another source of tension between corporate finance and

On Wall Street costs remain high on many types of financing, while top-quality advice on mergers and acquisitions from a leading investment bank is so far more expensive than in London.

fund management departments, is already to be found in UK merchant banks.

The fund managers need to show to their investment clients that they are unbiased in their judgment; but corporate finance clients will not be pleased if they find that the fund management arm has accepted the "wrong" takeover bid.

Company finance directors will certainly need to be thoroughly alert to the changes in relationships, and the various actual or potential conflicts, which will arise from Big Bang.

Opinion surveys of the corporate clients of City firms have shown few clear patterns except that those City advisers have in general put surprisingly little effort into keeping companies properly informed about what has been going on in the Square Mile. Perhaps they have often been none too sure themselves.

The general perception among finance directors and corporate treasurers appears to be that greater competition and innovation after Big Bang will give them greater flexibility and cut their financing costs.

That could prove optimistic. On Wall Street costs remain comparatively high on many types of financing, while top quality advice on mergers and acquisitions from a leading investment bank is much more expensive than in London so far.

UK companies will have to rethink their advisory relationships. Traditionally they have retained both brokers, to advise them on market factors, and merchant banks to cover financial and strategic questions. Now they will be offered package deals from the new bank/broker combinations.

Many finance directors will wish to retain long standing relationships that have worked well. But at a time when the ownership of firms, and the personnel within them, are often in a state of turmoil changes may be inevitable.

Meanwhile many new groups will be pitching hard for business, offering advantages such as huge distribution capability or global reach. At the very least, companies will be inclined to appoint extra corporate finance advertisers in the way that US investment banks have begun to acquire rôles in contested UK takeover bids.

The pattern in the US has been that companies increasingly seek advice on an individual transactions basis from the particular investment bank which has a good record in that specialisation.

At the same time, finance directors may still want a friendly and experienced shoulder to cry on when troubles loom, or when strategic decisions need to be sorted out. Personal relationships will still count.

The globalisation of the markets will also have significant effects on companies. An increasing number of UK companies have acquired sizeable lists of US shareholders, and the British Telecom share issue was also marketed widely in Japan.

A group of up to perhaps 40 UK companies are on the unofficial list of equities traded 24-hours a day around the world and as this kind of trading develops it is bound to have a fundamental effect on the way they raise new capital and the kind of advisers they choose.

The Stock Exchange is recognising the status of such companies by creating a category of so-called "alpha" securities, the most heavily traded stocks which will be subject to the greatest level of disclosure in dealings through the exchange's new SEAQ screen-based system which begins operation on October 27. Around 60 alpha stocks have been selected at this stage.

There has been a real risk that the trading of such blue chips would drift away from the official exchange into the unofficial telephone and telex market where the Eurobond market operates; and there have been tough discussions on the subject between the London Stock Exchange and Isro, the new self-regulatory agency for international dealers in London.

Surprisingly, it appears that the end-result of such talks could be a merger of the Stock Exchange and Isro. This would have been unthinkable even a year ago. However, the attitude of the Stock Exchange has changed radically now that it is no longer a closed UK club but includes a number of large international financial institutions on its membership list, with many others filling in preliminary forms in preparation for entry nearer to the opening of the restructured markets in October.

Such a merger would avoid the danger of a fragmentation of the market, with damaging effects on liquidity and leading to severe regulatory problems. Even so, the regulation of the new-style markets will require a fundamentally different approach.

The arrival of big international groups used to throwing their weight around and—in the case of the Americans—used to fighting expensive legal battles through the courts, will pose a severe test for UK self-regulatory traditions.

There are serious implications, for example, for the Takeover Panel, which has relied on voluntary agreements for its authority and is reluctant to ask for statutory backing because that could expose every decision to challenges in the courts.

The new regulatory problems are being tackled through the Financial Services Bill, which will give statutory backing to the new top watchdog agency—the Securities and Investments Board (SIB).

Self-regulatory organisations such as the Stock Exchange will be authorised by the SIB to regulate their members, subject to the application of rules and regulations which conform to the SIB's principles. Drafts of its conduct of business rules are now being circulated.

As with the deregulation of the Stock Exchange, which began, for domestic reasons, with a challenge in the Restrictive Practices Court, the establishment of new financial services legislation has also acquired broader dimensions not foreseen at the outset.

What started as an attempt to curb abuses by small-time investment firms has turned into a regulatory framework for markets involving the world's biggest and most powerful financial institutions.

At the same time there is a political aim to promote the development of London as one of the three main centres of the global financial industry. This requires compromises, because groups like the Eurobond traders have threatened to leave London and move elsewhere if regulation is too restrictive.

For all the immense changes over the past three years since Mr Cecil Parkinson, then Secretary of State for Trade and Industry, struck a deal with the Stock Exchange chairman Sir Nicholas Goodison, the City Revolution is still only in its early stages.

Practitioners, regulators and clients alike could still be in for an exciting and bumpy ride.

Barry Riley

Commercial Banks

The overdraft lives, despite some new ideas

THE DRAMATIC goings-on in the securities business in the past year or two, and the much-discussed trend in corporate finance, away from lending towards new-fangled financial instruments for raising capital in the public markets, has created the impression that the bank loan is a thing of the past.

This is far from being the case, of course. The majority of the finance obtained by companies these days is still from banks, and will probably remain so. The overdraft is alive and well. Nevertheless, bankers themselves would be the first to acknowledge that things have changed enormously over the past few years, particularly at the upper end of the market.

Demand for straight loans has eased off, competition is intense; and, while pricing can still make or break a deal, bankers are having to play on other strengths to attract and hold business, such as building a solid relationship with their customers, and coming up with new ideas.

This applies as much to big UK clearers, like Barclays, which has taken a much more aggressive approach, as it does to large North American and continental banks who observe similar changes.

"The role of corporate treasurers vis-a-vis commercial banks has changed dramatically," says Mr Rodney Baker Bates, general manager of group corporate banking at Midland Bank. But while some of the commercial banks may have been slow to respond to these changes, he believes they have fundamental competitive advantages that will not erode quickly. These include their role as suppliers of liquidity and money transmission services to companies.

Even so, he believes that banks must learn also to compete "intellectually" with the investment banks who are putting together innovative securities-based packages.

This means training skilled personnel, and also pointing up the advantages of "relationship banking," as against the "telex banking" of some of the newer arrivals on the scene who take little trouble to get to know their clients.

Midland, for example, has selected certain sectors where it believes specialist knowledge and a personalised approach will pay off. These include shipping, commodities, airlines and non-bank financial service companies—on the face of them all rather risky, but, insists Mr Baker Bates, worthwhile if you set out to understand them. Midland has also taken the lead among UK clearers in setting up options products through its treasury division, two more of which, "Scouts" and "break forwards," have just been unveiled.

"Comments about companies not needing banks any more are misplaced," says Mr Sidney Shaw, assistant general manager at Lloyds Bank, who handles large corporate customers. However, he predicts that the general level of company loan assets will reduce "substantially" over time, partly because it will not be worth the big banks' while to continue lending at fine margins. "If a £25m medium term loan is now being handled by a Japanese bank at an eighth, frankly we'd rather they did it than us."

Mr Shaw also believes that the banks' ability to develop a wide-ranging relationship with their clients, and offer many more services than their new investment banking competitors (anything from a loan to leasing and electronic money management services) will count in the end.

Part of the success of a clearing bank, however, depends on the closeness of the working relationship within its own walls between the traditional banking side, and the merchant banking subsidiaries which they now all have. Although culturally very different, the branch manager has to be able and willing to refer business to his merchant banking colleague in the interests of the group as a whole.

The creation of new instruments, like note insurance facilities (NIFs), and more recently sterling commercial paper (SCP), have made the smoothness of this relationship even more important. National Westminster Bank, for example, has made some tentative calculations that the SCP market could rise to £20bn, much of which would represent potential loan business that had gone elsewhere. Even trade finance, once the staple of bank lending, is being securitised these days.

Mr Alan Jones, the assistant general manager for advances at NatWest, notes that the new instruments are still largely confined to the top end of the market, and that loan margins are still more attractive for banks in the middle and small-sized company market. All these banks are reshaping their branch structures to reach it more effectively.

"Innovation is more and more important. We have to change and identify those needs ourselves before the marketplace tells us," says Mr Jones.

Whether the securities trend is here to stay or only temporary will depend partly on how the Bank of England sets the capital requirements for banks which guarantee the NIF's or set up back-up lines for SCP—which in turn will affect the cost.

One area where banks have seen a boom is financing in the recent rash of giant company takeovers. Many multi-hundred million pound stand-by credits have been arranged—often at rather short notice—so that the bidder can satisfy the market about his ability to pay. Not that these are highly remunerative for banks—particularly if the bidder has had time to seek competing bids from different banks. But again, it is all part of the "relationship."

Nevertheless, it is a controversial business. Although banks claim to be disinterested when they provide such ammunition, takeovers are not always popular, and can lead to conflicts of interest—as the Royal Bank of Scotland found to its cost when its merchant banking subsidiary was aiding Guinness to take over another big client—Distillers Co. Distillers closed its account at the Royal in disgust.

Whether or not these trends are permanent, they have certainly set the banks on their toes and made them realise that an ability to drum up a few million quid in loans is not enough in these fast-changing times.

Mr Shaw of Lloyd's makes the point that, if securitisation leads to the destruction of a relationship between a bank and its customers, this could also lead to problems when the world next heads into a recession.

He spent much of the last downturn in the UK nursing sickly corporate clients back to health. "It will be interesting to see what happens when the first major corporation with a big securities programme gets into problems. I'm not sure it will be possible to look after them in the same way."

David Lascelles

The main trading floor of Salomon Bros. in New York, such competitive houses have found it possible to graft primary market penetration on to their secondary market.

The Secondary Market

It's going to be like New York

CORPORATE finance experts in London's merchant banks have traditionally worked with a great divide between them and the stock market.

They have had to form temporary consortia with independent specialists from the broking firms in order to price and place securities. Companies have retained stockbroking connections separately from their merchant banking advisers.

But Big Bang will bring fundamental changes. In future, the new securities groups will be able to offer an across-the-board service to their corporate clients. It is reasonable to suppose that the pattern will turn out to be very similar to that in New York.

Certainly the evidence from across the water is that active (although not necessarily particularly large) securities trading and distribution operations are vital to the successful development of a corporate finance advisory department.

Even American investment banks of the old school, like Lazard Freres, which have relied in the past on powerful contacts and exceptional deal-making talents, have found it worthwhile to set up teams of traders.

And at the other extreme, highly competitive trading houses like Salomon Brothers have found it possible to graft primary market penetration on to their secondary market base, to the extent that many of the old-style Wall Street investment banks are no longer to be found in independent existence.

In a faster-moving, transaction-oriented world, it is vital to be close to the market place.

This is certain to be true of the new London corporate finance scene post-Big Bang. The successful firms will be those that can solve the daunting problems of internal management and put together all the skills in one package.

To do this will require highly developed internal communications, so that the collective wisdom of the trading team and the salesmen can be harnessed. The primary market teams seeking to fine-tune issue prices and devise new instruments will need these resources. So will the takeover advisers when attempting to develop more advantageous financing packages.

If Wall Street is anything to go by, the tail could begin to wag the dog. That is to say, the issue side of the business will come to generate most, if not all, of the profit, while the secondary market trading operations, though much larger in terms of turnover, will not be expected to do much more than break even.

The importance of a trading and distribution arm is that it gives an instant and continuous contact with the market, diffused though it is across thousands of screens and telephone lines. Even the minor fluctuations in noise and activity in a large trading room can subtly indicate the mood of the market to the expert ear and eye.

Salesmen regularly placing blocks on the secondary market will learn where the demand is, or where loose stock is to be found. In the traditional British system, such information has only been available secondhand to the merchant banker.

In the US, high levels of integration have led to phenomena such as "shelf issues," whereby issues are agreed with companies in principle and the documentation prepared, but the actual event is left to be triggered by market development. When the moment comes and market conditions are right, the operation can be completed in a matter of an hour or two.

And it is common in the Eurobond market, for instance, for securities firms to bid against each other for mandates from companies, a degree of competition which has been impracticable in the UK domestic market when market making, distribution and merchant banking advice have all been provided separately.

Almost all the major British stockbrokers, stockjobbers and merchant banks are regrouping to adapt to the new conditions. There remain just a handful which hope to remain unchanged, or at least more or less recognisable in their old form.

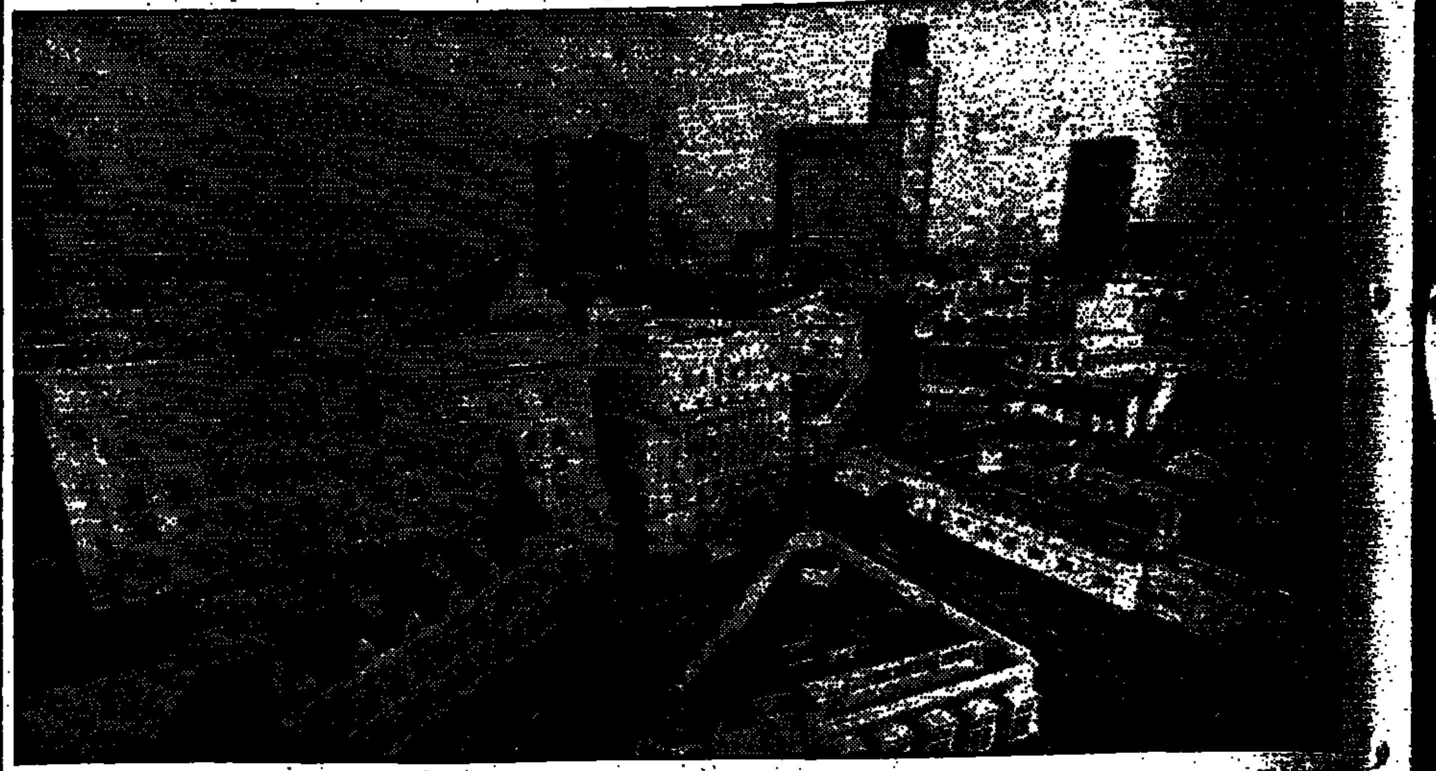
These are brokers Cazenove, merchant bankers Lazard and jobbers Smith Bros. But it remains to be seen whether they will be able to sustain a purely independent strategy. And Smith Bros., for instance, has already compromised its purity by adding a distribution arm through the purchase of brokers Scott Goff Layton.

There remain many practical problems in getting the new integrated structures to operate to the satisfaction of both proprietors and clients.

How independent can advice be when a securities firm has taken on board a big risk in underwriting an issue? Under the old system, brokers never took such liabilities on to their own books as principles. Although their professional clients will understand what is involved, private clients might not.

However, it is the direct link with the professional investor market that is crucial for London's emerging new securities groupings as they finalise their strategies for Big Bang.

Barry Riley



The City ... where the commercial paper market marks an important addition to the range of services avail

Sterling Commercial Paper

Few tap the new market

CORPORATE TREASURERS and merchant banks saw a long-standing dream fulfilled when the UK Government announced in April that it would permit dealings to start in sterling commercial paper.

The new market marks an important addition to the range of services available in the City. Commercial paper has already been highly successful in New York where outstanding issues now amount to some $300bn.

In London the hope is that it will create new high-grade investment opportunities for institutions, as well as offer new flexibility to companies seeking to satisfy their short-term cash needs.

Yet the reality has not so far in practice matched the dream. Relatively few companies have tapped the market, and most of the big potential players are still waiting to see how the market develops before dipping their toes into the water. Despite an avalanche of publicity from eager bankers, the market has go off to a slow start.

One reason for this is the careful way in which the regulations were framed by the Bank of England. Only listed companies may tap the market, and they must have net assets of at least £50m. This is designed to provide some security for would-be investors in commercial paper, which is short term negotiable debt sold directly into the money markets.

Another factor is that, although the Banking Act has already been changed to permit companies to issue paper, the Companies Act has yet to be amended, and this will not take place until the Financial Services Bill has been enacted later in the year. Until then, companies issuing paper may only do so without publishing a prospectus if they use an offshore financing vehicle. That leaves a lot of legal uncertainties, and some companies are clearly waiting until these are cleared up.

The clinching argument, however, is that many companies are not convinced that they will be able to sell paper at an attractive rate. For most, the bankers acceptance market already provides a cheap source of short-term finance, and rates in this market have been depressed by the bill mountain piled up by the Bank of England as a result of its past over funding in the gilts market.

The bill mountain has been coming down—it is now thought to be less than £10bn—but the speed at which it is unwound will be an important determining factor in rate levels for acceptances and hence for the attractiveness of commercial paper as well.

Early issues of commercial paper—by the building materials concern Redland, the Hawley services group, and PHH, a US transport company—sold at levels around Limean which is the average of the bid and offered rate for sterling money market deposits. That makes commercial paper barely competitive with borrowing in the acceptance market. Despite its low cost and relative simplicity, commercial paper still involves some administrative work, and for many companies it is apparently not yet worth the effort.

Bankers believe that most companies which actually tap the market will initially be ones that cannot borrow through acceptances for regulatory reasons. To be elegible to sell acceptance paper, a company must be engaged in international trade. Service companies are an obvious category of concerns that cannot meet this condition, and they may well turn to commercial paper—a pattern which is born out by initial announcements of corporate plans to tap the market.

All this has come as something of a disappointment to the myriad of banks which have been urgently seeking to make their mark on this new market. Rarely, if ever, have bankers seen such intensive competition for business. The argument runs that, even though the start may have been slow, sterling commercial paper could turn out in the long run to be profoundly important for the development of British financial markets.

That being so, it makes sense to become an established leader in the market from the very beginning by arranging and publicising commercial paper deals. Particularly anxious not to miss out are the main clearing banks, who see some of their first class customers slipping away if they cannot offer them commercial paper borrowings.

The development of a commercial paper market in the US has been an important factor behind what is generally accepted as an erosion in the quality of the assets of major commercial banks.

Because commercial paper is normally cheaper than bank borrowings, top-rated corporations habitually turn to it first, leaving only the second-ranking corporations whose credit standing is not good enough for them to issue paper to meet their needs from the banking system. British banks, already under pressure from their foreign counterparts in London, do not want to suffer the same fate.

Moreover, even on the most optimistic scenario for the development of a commercial paper market in London, it is commonly agreed that only a handful of institutions will actually be able to establish a strong market presence.

The mammoth US market is dominated by just about half a dozen investment banks; and the largest issuer, General Motors Acceptance Corporation, by-pass them altogether, selling its paper directly to the market instead of through designated dealers.

Already the major US houses are moving in on London. Firms like Salomon Brothers, Morgan Stanley and Shearson Lehman International, which were not initially eligible to deal in commercial paper because they were not registered UK banks, have sought special dispensation from the Bank of England to do so.

Other US houses like Citicorp and Merrill Lynch, which have registered banks in the UK, have also become involved—indeed, Citicorp claims to have made the first ever sales of commercial paper in London, at one minute past midnight on the day that dealing became possible.

That may not necessarily be an indication either of the eventual winners in the race to dominate this new market or of the profits that accrue to the victor. But it does suggest that British institutions will once again have to work very hard to keep a new British market to themselves.

Peter Montagnon

Eurocommercial Paper

Dynamic and easily tailored

RAPID EXPANSION of the Eurocommercial paper market over the past 18 months has transformed the way in which major corporations approach their international borrowing needs.

Though outstanding issues at some $20bn still lag way behind the mammoth $300bn New York market, Eurocommercial paper has acquired a dynamism that stands in marked contrast to the heavily regulated fledgling market in sterling commercial paper.

Many of the world's largest companies now raise money through the Eurocommercial paper market. Last month Eurocommercial paper received the seal of approval of the largest issuer in the New York domestic market when General Motors Acceptance Corporation started issuing paper through a group of four dealers: Credit Suisse First Boston, Merrill Lynch, Morgan Stanley and Shearson Lehman Brothers International.

GMAC's outstandings in the US amount to some $30bn, or 10 per cent of the market. It says it wants to account for a similar proportion of the European market, which means its programme could grow rapidly to the $2bn level.

The growth of the Eurocommercial paper market owes much to the trend towards securitisation of the international capital and money markets. Companies now often find it cheaper to raise money through issuing commercial paper, which is negotiable short-term debt securities, than by borrowing from the bank.

The paper is sold at very fine rates direct to international investors, many of whom have been seeking to diversify their placements away from bank deposits in the wake of the much publicised problems faced by the banks with their loans to Latin America as well as in the US farm and energy sector.

In the process many companies have discovered that, by selling commercal paper in Europe, they can broaden the range of investors familiar with their name and therefore their source of funds. Eurocommercial paper adds to their range of choices in another way too. Sometimes it can be cheaper to tap the Eurocommercial paper market for a given maturity than to raise funds on Wall Street.

Eurocommercial paper often sells for longer-dated period of, say, six months, whereas it is rare to find US commercial paper bearing longer than a three-month maturity. That means that Eurocommercial paper offers a genuine alternative which has added to the global way in which borrowers now look at the money markets.

The Eurocommercial paper market began as a rather cumbersome alternative to the traditional syndicated loan. In the early stages, it usually involved the establishment of a loan facility whereby banks agreed to provide a stand-by credit to back up or underwrite issues of short-term Euronotes which were sold at auction through a tender panel of banks. These banks then distributed the paper to their clients who were investors in the money market.

Increasingly, however, it has become common for companies simply to appoint designated dealers to handle sales of their paper, although they may still arrange separate stand-by credits on which they can draw if, for any reason, they fail to sell their paper at attractive rates through their dealers.

The dealership system is much more flexible than the tender panel arrangement. It does not, for example, require a company wishing to raise money in the market to give notice in advance of an impending auction. Instead, through discussion with its dealers on a daily basis, it can sell as much paper as it wants at any one time and for a maturity that happens to suit.

Perhaps more important, the dealership system puts it in constant touch through its dealers with investors so that the supply of paper is easier to tailor to the actual demands of investors.

But it was not just a drive for efficiency that led to a move away from tender panels and towards dealership arrangements. The change also reflected greater confidence among issuers that there were investors out there willing to buy their paper.

Helped by the steep falls in short-term interest rates over the past year, demand has grown for short-term dollar securities. Whereas initially most of these were placed with banks, now perhaps more than half may be placed with non-bank investors, ranging from the retail clients of Swiss banks to big institutions like central banks and pension funds.

For many of these, the decision to branch out into new forms of investment was not automatic, even if it did bring a yield advantage compared with a traditional bank deposit.

The marketability of the new paper was untested as were the credit-ratings of some of the new borrowers. Only after considerable marketing effort by the main dealers in Eurocommercial paper, coupled with a growing practice of having the paper rated by Moody's and Standard and Poors, the two main US credit rating agencies, did non-bank demand for this type of investment begin to take off.

Now bankers believe that Eurocommercial paper is a permanent part of the international financial scene, although one continuing drawback is that a real market exists only in dollars, and to a lesser extent in European Currency Units (Ecus), the currency basket of the Common Market.

In most other currencies, restrictions on the issue of paper still exist. There are signs, for example, with the opening up of commercial paper markets in several European countries including the UK, France and the Netherlands, that these barriers are likely slowly to be broken down. That would expand still further the range of opportunities open to borrowers and investors alike, propelling this already fast growing market towards another great leap forward.

Peter Montagnon

Graham Walsh . . . leads the pack of tigers.

Risk Management

Liffe-style deals help shape a new art

RISK MANAGEMENT has now become a new art among Britain's corporate treasurers. The volatility of currencies and interest rates over the past decade have spawned a wealth of means to cope with the ensuing risks.

The best-known means of hedging risks are through traded *futures and options* markets. Though financial contracts of this kind originated and are mostly traded in the U.S. London now has its own steadily growing market at the London International Financial Futures Exchange (Liffe) and many *other* exchanges are springing up around the world.

Most corporate treasurers, however, have preferred to buy from banks the protection they want *from* currency *and interest* rate fluctuations. Currency options are probably the most commonly used instrument at present, but companies are also showing increasing desire for forward rate agreements—individually *tailored interest rate* futures—and for interest rate "caps" and "collars."

Corporates' use of banks rather than traded markets is despite the protests of brokers who argue that dealing on exchanges is cheaper because it avoids a double commission, since a bank offering an option *will probably hedge its consequent* risk in the traded market.

But treasurers generally respond that they would need addional expertise and spending on technology to deal in the *markets* themselves and that they prefer to deal with banks with which they can discuss their specific *financial* needs.

They have, in any event, been reluctant to shoulder the costs of the new *instruments. Many* still prefer to rely on the forward foreign exchange market *to obtain simple, certain cover* against adverse currency movements and to leave interest rate exposure—particularly in a time *of* declining interest rates—essentially untended.

Options offer great flexibility in handling currency exposure, but at a cost. An option provides the buyers with the right, but *not the obligation*, to trade a fixed amount of currency within a given period at a set rate. The buyer can thus protect against an adverse movement but still benefit from a favourable movement in exchange rates.

Simple use of the forward market provides the protection but fixes a future rate without it, thus depriving the user of the benefit from a move in his favour.

On exchanges—those in Philadelphia, Chicago, London and Amsterdam are among exchanges to trade currency *options—the handful of major* currencies is traded, mostly against the US dollar. Banks offer a greater range, some professing to be able to write an option on any convertible currency against another.

The problem *for* treasurers, however, has been the up-front premium cost of, say, 6 per cent of the total amount. Many baulk at paying this for something that *they may never need* and *find* extreme difficulty in persuading boards of directors that they should *enter* a *market which* has long had a reputation for increasing rather than reducing risk.

Responding to this reluctance, banks have been developing new products at a low cost as well as attempting to refine them to customers' specific requirements—including those of small companies.

Citibank says it now sells more "cylinder" than straightforward options, while Salomon Brothers in the US has developed a similar product called a "range forward contract." As *the* names imply, these set a range of protection rather than one set level. The buyer obtains the same protection from an adverse currency move but gives up some of the benefit from a favourable move in return for a reduced premium.

Options are seen as useful to *hedge transaction* exposures, particularly where the amounts of money which might need to be converted into another currency are uncertain. They are not generally viewed as worth the expense to hedge balance *sheet* exposure.

Martin Bralsford . . . "Using currency options, you will never get worse than the best rate in the market."

Mr Martin Bralsford, director of treasury of Cadbury Schweppes, *says options should be used* when it is important to be competitive in buying individual raw materials. "You may cover forward and get certainty in your price but your competition may get the exchange rate right and get the raw material at a better price," he says.

"*Using currency options*, you will never get worse than the best rate in the market," he adds.

Cadbury Schweppes creates its own options and hedges them through the *forward* markets, believing this is cheaper than using the banks.

Among products brought out by banks aimed at specific needs are Export Tender Risk Advance (EXTRA), developed by Hambros Bank to help British exporters to insure against the risks involved in small tenders, and small options in denominatons of £5,000 offered by Barclays Bank.

Efforts by banks to attract corporates to similar techniques in the interest field have been slow to bear fruit in the UK. One of the handicaps has been the absence of genuinely liquid markets enabling banks to offer such products in sterling at cheap enough prices.

But this has been ameliorated by an increase in volume in Liffe's futures contracts on short-term sterling interest rates and on gilt-edged securities—an *increase which is expected to* continue. Liffe's long gilt options have also been successful.

Treasurers are making greater use of forward rate agreements, in which there is an active interbank market.

The latest sterling products *for* treasurers to assess essentially apply to interest rates the same techniques developed in *the currency option market.* Citicorp and Midland Bank are offering interest rate caps—equivalent to an interest rate option—and interest rate collars, equivalent to a cylinder and having a similarly lower cost.

Falling interest rates have meant that treasurers have naturally been less worried about interest rate exposure. But recent additional volatility, and worries than the long-term downtrend might be ending, could lead them to consider hedging instruments more closely.

The development of new hedging products reflects the *increasingly advanced* computer and communications technology now available both to banks and treasurers. But it also reflects a new philosophy of risk management and a specific tailoring of mechanisms to suit a company's particular needs. Some banks call it "financial engineering."

Alexander Nicoll

Importers of US aggression

Morgan Grenfell has not achieved its top position without rocking many City boats, says David Lascelles, in a profile of the merchant bank that has just obtained a Stock Exchange listing.

IF DOING *the biggest* deals and stirring up the greatest amount of controversy gets you noticed in *corporate* finance, then there is no question which UK house catches most eyes this year: Morgan Grenfell.

In fact, the City merchant bank's soaring fees from its corporate finance activities must have been a decisive factor in its recent decision to raise £150m on the Stock Exchange while the going was good.

The prospectus for the share offer reeled off a string of statistics trumpeting the achievements of the corporate finance department—which includes advising on takeovers and mergers, and raising funds for clients on the capital markets. *They show that it contributed* nearly a third of the revenues last year, up from barely a quarter in 1984 and only 15 per cent in 1982.

In the first five months of this year alone, Morgan was involved in 43 transactions with a total value of £9.1bn, including Guinness's record-setting £2.6bn bid for Distillers. This compared with a total of £6.7bn for the whole of 1985.

If anybody can lay claim to the honour—dubious in many of its competitors' eyes—of having imported US-*style* aggression to the UK takeover market, it is Morgan. The 84-strong corporate finance department contains a team of restless *dealmakers, some of whom* cultivate dramatic-looking lifestyles *of fast* cars and gulped breakfasts.

Yet Morgan has not achieved its position without rocking many City boats. The Morgan men may get things done, but they also lay themselves open to the criticism that they are more interested in nailing a deal than in catering to their clients' best interests, or even abiding by the Takeover Code. And *now* that Morgan is at the top, the big question is how long can it stay there with so many competitors snapping at its heels. Even if it does, can it sustain those earnings if merger *fever* begins to abate?

The man who stands ready to answer these sort *of* reservations about Morgan's performance is Mr Graham Walsh, the 46-year-old head of corporate finance. With his accounting background and almost boyish looks, he does not seem the kind *of man to lead a pack of* "tigers," as Morgan's takeover men are sometimes called.

Yet he was hand-picked 13 years ago by Mr Christopher Reeves, the present chief executive *of Morgan, to join up the* bank's then embryonic mergers and acquisitions department, which he has headed since 1981 and which now bears his stamp. In addition, he spent two years, from 1979 to 1981, as director-general of the Takeover Panel; so he knows the takeover business from that side as well.

Morgan's aggressiveness, he says, is not just a question of tactics, but also a reflection of the style of many *of its clients*, who tend to be among the more acquisitive and determined companies in the UK. (Morgan, naturally, tends to go after potential clients who are likely to be takeover bidders.)

There is also a view in Morgan, which emanates from Mr Reeves, that the City's rules must yield to change in a business like merchant banking where people compete by trying out different things.

As for the quality of Morgan's M & A business, Mr Walsh comments: "Every year, we have said 'It can't go on like this,' but it has." Even if the takeover wave has peaked, he *says*, companies will be restructuring themselves, or even demerging—as happened in the US after the great Wall Street takeover mania of the early 1980s.

If Labour looks like winning the next general election, he *would also expect* many companies to bring forward their acquisition plans—which would *step up takeover activity again.*

In the longer run, the worry must be that the big Wall Street houses will move in on Morgan's turf deploying to even greater effect the style Morgan copied from them. Mr Walsh wonders, though, how successful the Americans will be in a market where merchant banks are *still* closely tied to their corporate clients, and where corporate finance fees are much lower than in the US. "You need a high turnover in M & A, and they *may not* be able to achieve it."

The Tokyo Stock Exchange . . . where the most active foreign stock is that of the Spanish telecommunications concern Telefonica

International Equities

Strong markets prompt issues

VIRTUALLY EVERY share issue by a company of any size nowadays has an international aspect.

Financial officers around the world believe in seeking a market outside the home country for their company's shares, on the theory that this is good for the share price, since it taps a new range of investors.

The growth of the international equity market has been occurring, not coincidentally, at a time of great strength on world stock markets, encouraging companies to issue shares and investors to buy them.

The most significant factor has been increased investment abroad by US pension funds, which had $27bn in foreign stock markets by the end of last year, double their level of three years before. Not only have European markets been far stronger in dollar terms than Wall Street, but US buying in the relatively thin continental markets has had the self-fulfilling effect of pushing them even higher.

Simultaneously, however, Europeans have continued to look outside their home markets, both within Europe, and also in Japan and the US. They have snapped up international share offerings by many US companies.

The strength of stock markets has forced many continental portfolio managers, accustomed to putting money into safe fixed-income stocks and forgetting about them, into a more competitive, performance-oriented approach.

Against this background, investment banks and brokers have been gearing up rapidly to handle the new market. London is becoming the pivotal point, both for trading in the global secondary market and for co-ordinating new issues of shares.

On the trading side, some US investment banks have for some time been promoting a round-the-clock, telephone market in internationally traded shares, with at least a portion of the house book passed from New York to Tokyo to London and back to New York again each day. The significance of this is perhaps over-emphasised by some of them, but the trend nevertheless is in motion.

What is clear is that London is a focal point. Substantial capital is being invested in setting up international equity-dealing desks, both by US and UK firms.

As London prepares for Big Bang, many of the relaxations planned in Stock Exchange rules have already occurred for London dealers in international shares. Market-makers, owned both by exchange members and non-members are making prices in international stocks on the Stock Exchange Automated Quotation system, just as they will for domestic stocks after Big Bang.

The global trading of shares produces extraordinary anomalies: some key British shares have been more actively traded in New York than in London; some US shares are very actively traded in Japan, but the most active foreign stock on the Tokyo Stock Exchange is the Spanish telecommunications concern Telefonica.

No doubt there will be continued growth for at least as long as stock markets generally continue to strengthen. But the process is not as easy as it might appear. This was highlighted recently by Britain's decision to impose a tax on conversion of British shares into the US-listed packages, called American Depositary Receipts, which allow them to be traded in New York.

This demonstrated the extreme vulnerability of cross-border markets to unilateral regulation. The British Government's unexpected announcement caused the New York market in UK shares to dry up overnight, US banks and brokers, for whom the market was lucrative, protested; but even more telling was opposition from the London Stock Exchange, which could have been interpreted as being protected by the tax, and from UK corporate treasurers.

Volvo's plant at Kalmar . . . The company is among the European concerns that have made large share issues this year

Some of the latter had already found that international investor relations was a tricky business. US portfolio managers, who had been persuaded to buy shares, were just as inclined to unload them if they felt that the company's performance was not being adequately communicated to them.

For the investors to find that there was no longer a liquid, dollar-dominated market in the stock was damaging. True, US investors could easily buy shares in London in sterling, and will be able to do so more cheaply after Big Bang; but many institutions venturing abroad for the first time would probably prefer to do so in ADRs.

The result of the campaign was a reduction of the tax from 5 per cent to 1½ per cent, leaving the treasurers still not happy, but resigned.

Similar questions hang over the international new issue market in shares. This has been in existence for years, with, for example, Scandinavian companies raising money in London. But it has now grown to the extent that very many US share issues include an international tranche.

European companies are also frequent issuers, with large issues seen already this year from, for example, KLM, Volvo an Electrolux. The larger British privatisations have included internationally offered sections.

British companies have a problem, however, because of the UK tradition that existing shareholders have "pre-emption" rights—in other words, they get a crack at new share issues before outside buyers. This has already been tested to the limit by large vendor placings; but institutional investors have exercised their muscle in several prominent cases, such as a large placement recently by Dee Corporation, the supermarkets group.

Unless British companies deliberately seek trouble with their UK shareholders, they are therefore limited in the extent to which they can place shares abroad. BTR, having been refused permission by the Stock Exchange last year to do a share placing, instead issued convertible Eurobonds, of which the terms were designed to encourage conversion.

The biggest problem faced in international share issues is still "flowback"—the quick sale of newly-issued shares back into the country of issue, which means that the issuing company has wasted money on underwriting fees and not achieved firm placement of its stock.

Attempts to ensure firm placement have taken many forms. The Euromarkets have begun to distribute shares through the Eurobond syndication method—these are dubbed Euroequities—but still rely heavily on the banks and brokers with long-standing placement power in domestic stock markets.

Although London is the issuing base, Switzerland has provided a home for many of the shares issued via this route.

There are other clouds. The international equity market has generally been seen as that in shares of large companies with liquid markets in their stocks outside their home countries. But the danger is that, with issuing requirements different in each country, even smaller companies will gravitate to the market with the least stringent rules.

Potential investors may also find that they get only sketchy presentations about companies of which they know very little, based in countries of which they similarly know little.

Recently, for example, London institutions were treated to a long exhibition of venetian blinds by a European manufacturer, followed by a slide-show of the "financials" so rapid that it was unwise to blink. And what of the London flotation of Mrs Fields Cookies, most of which was left with the underwriters?

Alexander Nicoll

Accountants

A step jump to a fresh service

CAVEAT VENDOR. Merchant banks selling their advisory services in corporate finance should be aware of the competitive threat posed by the accountancy profession.

The "Big Eight" practices, among them Deloitte Haskins & Sells, Ernst & Whinney, and Coopers & Lybrand, are expanding steadily their expertise and range of services in corporate finance. They may still be squeamish about talking too loud about competitive overlap with the merchant banks, but there is no doubt that they see openings, specifically through offering independent business advice to clients.

Mr Nicholas Morris, Deloitte's recruit from Barclays Merchant Bank and a new partner in the firm's one-year-old corporate finance division, believes that deregulation in the City of London should prise open more opportunities for accountancy firms.

"Companies are increasingly going to use their own in-house broker to do deals, and that inevitably means things are a bit cosy and cliquey. We *are* independent, and that is going to mean a bit more in future," says Mr Morris.

Accountants have long been involved in corporate finance in its widest sense. Valuing businesses, number-crunching in acquisitions and mergers, advising small and medium-size businesses on how to raise money from the clearing banks, has provided profitable grist to the accountancy mill. But in recent years there has been a step jump in business.

This is partly due to the changing nature of the profession itself. Competitive pressures in audit work have forced accountants to seek new growth areas, such as tax planning and management consultancy. Some would regard even tax advice as a mature business; hence the move to develop and market corporate finance as a fresh service.

Market trends have helped, too. The creation of the unlisted securities market has encouraged small and medium-sized companies to think harder about their growth prospects and about financing their business. Today, preparation for USM listings (and full stock market listings) forms a core business for the accountancy profession.

The recent feverish spate of bid activity in the UK has also offered attractive spin-offs.

Brandon Gough ... wary of advising in contested bids.

Accountants are well equipped to advise on the desirability of an acquisition, or they can scoop up lucrative work once the din of the bid battle has subsided.

Ernst & Whinney, for example, has a team of 70 accountants working inside Imperial Group, the John Player cigarettes to John Courage beer business, bought by Hanson Trust, the voracious industrial holding company earlier this year. Hanson, having paid £2.8bn for Imperial, has asked Ernst & Whinney to assess the value and strengths of every aspect of the Imperial business.

To be sure, there are some important areas in corporate finance which are out of bounds. Accountancy firms cannot hope to match the merchant banks in their traditional role of sponsoring or underwriting takeover bids; they simply do not have the capital to take these sorts of positions. Nor would they be eager to take a high profile role in a contested takeover bid, perhaps one of the most glamorous jobs for the merchant banker these days.

As Mr Brandon Gough, senior partner of Coopers & Lybrand, says: "We would be a little nervous about giving advice in contested bids because there is a degree of conflict with our auditing function."

But Mr Gough points out that Coopers played a leading role in the friendly merger between Akroyd & Smithers, the stock jobbers, and Mercury International (the newly emerging financial conglomerate whose nucleus lies within S.G. Warburg).

Others appear to have fewer doubts. Mr Guy Wilson, a partner in Ernst & Whinney's corporate finance division, says that a team of the firm's accountants are currently advising Dixons, the electrical stores group, which has launched a £1.9bn hostile bid for Woolworth stores. Ernst & Whinney are not Dixons' auditors, though they did act for Currys, the High Street stores chain bought by Dixons for £219m in 1984.

Dixons subsequently invited them to stay on. They are now party to a takeover battle which has turned precisely on the interpretation of both parties' accounts: how Dixons accounted for the purchase of Currys and its impact on growth in profits and earnings per share; and how Woolworth has treated its programme of disposals and cut-backs aimed at restoring profitability.

It is a front-line position for Ernst & Whinney; but as Mr Wilson points out, the firm has a client audit base noted for its predatory instincts, including BTR, Asda-MFI, Evered Holdings, Northern Foods, and, since it was listed in 1954, Hanson Trust.

Aside from these differing shades of opinion within the profession, there is widespread agreement that the big merchant banks in the City are becoming increasingly wrapped up in the big deals, to the exclusion of the small and medium-sized corporate clients.

This may not necessarily be a conscious move, it is simply the pressure of work. Proof of the level of takeover activity is best revealed by the fact that the Office of Fair Trading listed nearly 50 bids in mid-June which were being scrutinised by its merger vetting section.

Mr Peter Hazell, Deloitte's partner in charge of the firm's corporate finance division, says he is consciously aiming to attract these smaller firms, either through advertising, writing regular articles for specialist business, journals, or through seminars, often held outside London. "We are always looking to expand our current client base and to tell the world about our range of services."

One area which Deloittes is pushing hard is acquisitions and disposals—matching buyers and sellers of businesses. Ten people do just that in Deloitte's London office, employing computerised lists which are constantly updated using information gleaned from within the UK and international sources. "We have offices in 60 countries in the world, which is something the merchant banks certainly can't match," says Mr Hazell, "and we have 100 partners in London alone, all of whom have excellent contacts in the boardrooms of big companies."

By the end of the current financial year, Deloittes hopes to employ 62 people in its corporate finance division. (The firm started with around 28 in May 1985.) Indeed, the division would have probably been faster off the ground had it not been for the distraction of the proposed merger with Price Waterhouse, subsequently called off.

At Coopers, the general aim is to try to get closer to the company itself, rather than dealing with intermediaries. Being at the wrong end of a beauty parade—some accountants feel they spend half their time making presentations to receive work, often with third parties having a decisive say—is not a pleasant experience.

Coopers is developing its services in what Mr Gough describes as "international capital market support." That means advising firms on methods of raising money either directly in the London market or in the Euromarkets.

Mr Gough says Cooper's international business is growing, particularly through advice to Scandinavian clients—to the point where the firm can actually have a say in which broker or merchant bank gets the eventual business.

It is a neat reversal of roles. Mr Morris, at Deloittes, says that, 20 years after the merchant banks first spotted and exploited the advisory niche in corporate finance, the accountancy profession is ready to reclaim some if not all of the lost ground.

Lionel Barber

The Publicity Machine

Bridging the communication gap

WHEN JOHN Connell, chairman of Distillers, the Scotch whisky and gin business, opened his Sunday newspapers last January, he discovered just how rough takeover battles have become in Britain.

Mr Connell, a reserved man whose family had been involved with Distillers for more than 60 years, was astonished to read that his board had agreed to a friendly takeover bid from Guinness, the drinks and leisure business led by Mr Ernest Saunders. Even more surprising was his widely-reported willingness to step down as chairman and hand over management control to Mr Saunders.

"The reports came like a bolt from the blue," said Mr Connell on the Sunday afternoon.

The reports had indeed come at a decisive stage in Distillers' defence against a £1.8bn bid by Argyll supermarkets group, and were bound to weaken its case for independence and its bargaining position with Guinness. Later that evening, Mr Connell agreed to step down as chairman, and the reports became self-fulfilling prophecies.

It is still unclear where the original leak of the Guinness bid—and the imminent ousting of Mr Connell—came from. An authoritative, if less detailed, story had appeared in Saturday's issue of The Times. What is beyond dispute is that a public relations agency was one source of information for the Sunday newspapers.

The technique of "bouncing" is an old public relations trick, the idea being that, once a story has appeared in a newspaper, any opposition collapses. But if the Distillers story illustrates one side of financial PR, there is a range of other services that public relations firms offer in takeover battles which companies are increasingly turning to.

These spread from investor relations to corporate advertising to the sort of adversarial PR which is the hallmark of the big corporate bid.

Part of the reason is the need for British companies to bridge the communication gap—not with the shop floor, but with the City of London, where the big institutional shareholders can decide the fate of a company. PROs can help through advice on presentations to the City or extended coaching to top executives on how to handle the press.

This becomes particularly acute in takeover bids. Some target companies have paid little attention either to major shareholders or to the media. Distillers, for example, was an obvious publicity-shy business. In the opening weeks of the contested bid by Argyll, advised by Broad Street Associates, Distillers lost the public relations battle hands-down. Streets Financial, a leading City PR firm, dropped out of the fray, and it was only when the image-conscious figure of Mr Saunders appeared that the debate shifted away from Distillers' poor track record to the opportunities created by a new international drinks combine led by Guinness.

There are, however, problems associated with the sort of adversarial PR favoured by financial public relations firms. They begin with the well-judged "puff" piece about the predator company, often appearing in the Sunday newspapers, as a prelude to a bid. They culminate in the bid itself, when members of PR companies turn into quasi-politicians or civil servants offering all sorts of non-attributable guidance or off-the-record briefings about the opposition. When such "guidance" appears in the newspapers, it can often have a dis-

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Taxation

Out of the tunnel, into the light

LIGHT HAS always been visible at the end of the tunnel. The Chancellor, in 1984, clearly described what lay beyond. Little surprise, therefore, that practitioners and their clients have emerged from the tunnel of corporate tax reform with seemingly little difficulty.

While computations may remain to be submitted and agreed for the transitional phase, relative calm, perhaps the exhaustion of such far-reaching change, has fallen over the current corporate tax scene.

The now normal lengthy Finance Bill is wending its tortuous way through parliament. Its proposal to place BES relief on a permanent basis and the stamp duty changes affecting shares and securities are among the changes of relevance to companies, but no further major change is made to the corporate tax system. Now is the time finally to come to terms with the new system initiated in 1984, and to look forward to see what the future trends may be.

Profit required to provide 10 per cent return on £100 investment

	Debt finance Interest	Equity (35% CT rate) Dividend	Equity (29% CT rate) Dividend
Payment by company	7.1	7.1	7.1
Tax deducted at source	2.9	0	0
ACT credit to shareholders	0	2.9	2.9
"Gross" reciept by lender/shareholder	10.00	10.00	10.00
Tax on company income to service interest/dividend	0	3.82	2.9
Less ACT offset	0	(2.9)	(2.9)
Net tax payment by company	0	0.92	0
Required profit by company	10	10.92	10

The present system is largely as mapped out in 1984. Stock relief is long gone. Capital allowances remain in truncated form. Minor changes apart, allowances are available for expenditure on the same categories of asset, and the Government has shown no inclination to narrow or broaden their scope in this respect.

The capital allowance system, under which a proportion of expenditure on certain business assets may be deducted in calculating taxable profits, is however shorn of the large initial write-offs. New expenditure on industrial buildings is now written off at 4 per cent per annum but on a reducing balance basis.

Corresponding reductions have been made on other qualifying assets. Expenditure on buildings (but not equipment) within an enterprise zone retains, as an oasis in an otherwise barren tax landscape, its privilege of an immediate 100 per cent write-off.

Allowances for machinery and plant operate on a pool basis: current expenditure is added to the balance of previous expenditure for which no allowance has yet been given; sale proceeds are deducted and the 25 per cent allowance for the year is calculated on what remains.

With time, the pool will grow to a point where the 25 per cent allowance equates more with actual expenditure for the period. At present, however, pools are small and allowances based on them well short of current expenditure. In consequence, past losses are being absorbed rapidly and corporate tax receipts are increasing.

An immediate option, however, now available is to "de-pool" short life assets. Machinery and plant which is likely to be sold or scrapped within four years may be taken out of the pool and its net cost to the business may then be relieved over its actual business life.

The reduction in capital allowance rates has severely curtailed the previously flourishing finance-based leasing. Operating lease and hire purchase arrangements and other forms of off-balance-sheet finance may now become more popular.

The distinction between capital expenditure—on the acquisition of new assets—and revenue expenditure—on the repair of old assets—has taken on new importance. Revenue expenditure continues to obtain an immediate 100 per cent write-off. R & D expenditure, including expenditure on new assets for research and development, also continues to be favoured in this way.

From April 1, 1986, the full corporate tax rate fell to 35 per cent. For companies with profits of £100,000 or less, the rate of tax on income profits became 29 per cent in line with the basic rate. A marginal rate of 38.5 per cent applies to profits between £100,000 and £500,000. The gap between the top income tax rate of 60 per cent and the full corporate tax rate has, in consequence, come more to resemble that existing up to 1979 between the 83 per cent earned income rate and the 52 per cent corporate rate.

The incorporation of business is encouraged accordingly. Overseas profits, once taxed at rates lower than the UK rate, now bear higher rates and for certain foreign companies the UK has more the air of a tax haven.

The imputation system of corporation tax, under which tax paid by the company is credited through the ACT system against a resident individual shareholder's basic rate income tax liability on dividends paid, is unaffected by the changes. The narrowing of the gap between the basic rate and corporate tax rates means that a higher proportion of the company's tax is credited to the shareholders.

For a company with small profits it may be the full amount of the tax it pays. This, in turn narrows distinction between debt and equity financing. Future reductions in the basic rate may therefore have an important effect on this distinction.

The changes in corporate tax rates only affect income profits. A company's capital gains remain taxable at 30 per cent. For a company with profits of £100,000 or less, as with a basic rate taxpayer, income profits are accordingly taxed at a lower rate than capital profits. The anomalous position of corporate capital gains is emphasised by the exclusion of those gains from the imputation system. A company is unable to pass any credit for tax paid on its capital gains to its shareholders through its dividends.

The capital gains tax system received scant attention from the Chancellor in 1986 and may clearly be a target for action in 1987. Abolition, in line with the Chancellor's apparent desire to remove a tax year from the statute book, may seem a tempting prospect. The cost of doing so may, however, deter.

The abolition of the charge on pre-1982 gains, from which time indexation of gains has applied, may be more realistic. Coupled with the taxation of post-1982 indexed gains as income and the imputation of the resulting tax to shareholders, the Chancellor may then consder his reforms to be at an end.

Whichever way the Chancellor chooses to go in 1987, the important question for companies is whether the new corporate tax system represents a coherent and permanent system which will stand the test of time and general elections, and against which long-term investment decisions can be made.

In its present form, the system remains as vulnerable as ever to any increase in the rate of inflation. With the reduction in allowances and reliefs and the quickening erosion of past losses, the system becomes more sensitive to future variations in tax rates. Different forms of corporate investment continue to be treated differently albeit on not such an exaggerated basis. Change has certainly occurred on a substantial scale: whether it proves to be for the better remains to be seen.

Malcolm Gammie

John Connell, chairman of Distillers (right), was astonished to read in a Sunday newspaper that his board had agreed to a friendly takeover bid from Guinness, the drinks and leisure business, led by Ernest Saunders (below). The report came like a bolt from the blue said Mr Connell on that Sunday afternoon.
Later that evening, Mr Connell agreed to step down as chairman, and the reports became self-fulfilling prophecies.

PR's new cutting edge

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proportionate effect on a company's share price, and yet the PR company itself is able to avoid all reponsibility for such comment.

Some merchant banks feel uncomfortable about the way in whch the activities of some of the more aggressive PR firms have pushed them into a more confrontational style in corporate finance.

When the Takeover Panel cracked down on financial advertising during takeover bids earlier this year, the PR companies were dismayed at the loss of what was becoming a major growth business. But merchant bankers were less upset: several experienced executives said they had spent as much time defending or attacking the contends of the more excessive advertisements before the panel, as advising their own clients.

The panel itself has grown wary of the way in which its deliberations have appeared in public print, despite the traditional rule that nothing should become known until the panel makes an official statement. The brasher members of PR companies do not feel bound by these restrictions, and so regularly offer guidance on a panel verdict or on the nature of an appeal by a merchant bank in order to score points against the opposition. In recent weeks, the panel has woken up to this massaging and now works hard to get the official version of the story in the newspapers by the following day.

Aside from the press, financial PR also focuses on the politicians during a big takeover bid. Hence a new industry has grown up over the past three years, in which small teams of PR men and women offer specialist advice on how to build up a pressure group in and outside parliament and how to present a case to the Office of Fair Trading, the competition watchdog.

Most PR companies, such as Good Relations, Charles Barker and Streets Financial, are involved in this work, though they face competitive challenges from the smaller ones such as Gifford Jeger Weeks who have acted variously for Dixons (in the battle for Currys), Distillers (contesting the Argyll bid), and Wedgwood (contesting a bid by London International Group was, in fact, referred to the Monopolies Commission on the recommendation of the OFT).

The hard-sell lobbying and the attention paid to the key government departments in corporate bid battles—the OFT and the Department of Trade and Industry—suggests that financial PR has developed a new cutting edge in recent years. Public relations companies such as Broad Street Associates, led by Mr Brian Basham, have fully exploited the demand for their services during the current takeover wave.

On the positive side, the new PR barons, such as the chauffeur-driven Mr Basham, have helped to break some of the mystique behind the big bids and to bring the big financial stories, through the press, to the public's attention. On the negative side, those PR companies which go beyond the spit-and-polish function and abuse market sensitive information, will need careful scrutiny by the City's new regulatory bodies.

Lionel Barber

A mild manner with a sharp eye for detail

PROFILE: Tom Neville, of Vickers, played a key part in repelling last year's attempted takeover.

NOT EVERYONE would envy Mr Tom Neville's corporate past. He witnessed at first hand the traumatic collapse of Rolls-Royce, the world famous aero-engine manufacturer, in 1972; and over the past four years he has been involved directly in the painful surgery necessary to save and restore one of the great names in British engineering: Vickers.

The present looks a great deal more attractive for Vickers and Mr Neville, group finance director since September 1980, the date when Vickers and Rolls-Royce merged in a £40m deal.

This year, to the delight of the stock markets and those investors who have stuck with Vickers throughout its difficulties, the group declared a 48 per cent rise in pre-tax profits to more than £45m.

Vickers—once best-known for its guns, planes and warships—has transformed itself into six core businesses; motor cars; lithographic printing plates and supplies; office equipment; defence and aerospace; marine and offshore engineering; and medical and scientific equipment. And in 1985, the group reprted bigger-than-ever contributions from all but one of these clearly defined business divisions.

Much of the credit for Vickers recovery has gone—rightly—to Sir David Plastow, the thoughtful group managing director who was recruited to run the business from Rolls-Royce motor cars. What is sometimes overlooked is the contribution of two other former Rolls executives; Mr Tony McCann, now director of planning, and Mr Neville, a 55-year-old, born of Scottish parents in New Jersey where his father had sought work as an engineer during the Depression.

These were the two men who devised the management structure and reporting system which has made the Vickers group far more responsive to market changes and opportunities.

In the bad old days, Vickers' top management only received reliable snapshots of sales, orders and cash outflow between four and six weeks after the period in question. Figures for May, for example, would arrive in mid-July. Today, "flash reports," accurate within 1 per cent to 2 per cent, are available three-and-a-half days after the end of each month.

The most tangible result is that, for the past two years, Vickers has been the first public company to report in the new year. More important, management at the centre is in touch with performance in the subsidiary businesses, thus cracking an age-old problem in British manufacturing where managers on the shop-floor were more concerned with churning out the products rather than keeping the books up to date.

Less well-known is the origin of the new reporting system. Mr Neville had gone to San Diego, California, to visit a company by the name of Ryan Corporation, in order to discover the secret of tighter financial controls and how they could be applied effectively to a company in receivership. In the subsequent statement of affairs on Rolls-Royce, the company was valued at £20m. But the eventual sales price, following the introduction of the new system was almost double, at £39m.

Aside from his responsibility for financial discipline, Mr Neville also acts as a spokesman to the City of London. His mild, soft-spoken manner does not make him a natural communicator, but he has a sharp eye for detail, and he and Sir David Plastow have clearly altered perceptions among analysts, institutions and the press who initially were far from convinced as to the merits of the Vickers-Rolls merger.

They have done so by seeking to define the business, lopping off those activities which did not conform to an agreed model; a portfolio of businesses which had to be internationally competitive: or, as Sir David has often said, "world players." That has led to more than 20 companies being sold off and the workforce being halved to 15,000, the bulk of redundancies coming from disposals.

Like several other major UK companies, Vickers, having restructured *itself*, found *itself* tagged as a takeover target. Last year, Mr Saul Steinberg, the New York entrepreneur who took a pot shot at Disney, began to accumulate Vickers shares. Soon the newspapers had picked up the story and the banner headlines flowed.

Tom Neville . . . Also a spokesman to the City of London

Mr Neville joined Sir David and Mr Bill Foreman, commercial director, to form an *ad hoc group to see off Mr Steinberg* (provided, of course, that the American did not come up with a knock-out offer).

It did not take very long for the team to spot a crucial clause in Rolls' offer-for-sale document back in 1980. If the ownership of the company changed, then the new proprietor would no longer enjoy the rights to the Rolls-Royce name. For Mr Steinberg, who had let it be known that Vickers was not exploiting the merchandising value of the name, it was virtually a killer blow. He retired from the fray, having sold his shares at a handsome profit in the market.

Mr Neville says that the way the company dealt with the Steinberg threat shows how flexible top management is at Vickers. No senior management was called upon, outside the trio of Plastow, Neville and Foreman. That way, the company was not unduly distracted and business was allowed to proceed, almost as usual. (The only hiccough came later when it was decided to hire a New York troubleshooter to keep a watch on any new predatory threats. The man approached happened to have acted on behalf of Mr Steinberg in his stalking of Vickers).

The appearance of Mr Steinberg almost certainly concentrated any wandering minds at Vickers' headquarters in Millbank, overlooking the Thames. Having spent four years selling businesses, the group said—and still says—that it is looking for acquisitions. Mr Neville says that there are plenty of ideas emanating from the subsidiaries which are always carefully assessed by management at the centre. With three Scottish chartered accountants on the Vickers board, that may be an understatement.

Earlier this year, Vickers did make a move, agreeing in principle the purchase of KaMeWa, the world's largest variable pitch propeller maker, from its Swedish parent. The deal—now concluded—is worth around £13m to £15m and gives Vickers (together within its Stone Vickers and Vickers Japan operations) around 40 per cent of the world market in a *highly* specialist area, precisely the group's general aim.

The next move could come in the US, possibly in the medical and scientific area, though finding the right buy has proved difficult. Elsewhere, Vickers is watching with a great deal of interest the proposed privatisation of the Royal Ordnance Factories.

The great fear is that the Government will hand some juicy orders to ROF once it is in the private sector, just to persaude City institutions that privatisation is worth backing. For a company which is still seeking compensation for the Labour nationalisation of its shipyard and aircraft interests in 1977, that would be rough treatment from a Tory government.

Mr Neville, however, remains confident. And what better proof than to take a look at Vickers' 1985 annual report? This shows that Mr Neville holds the largest number of ordinary shares of £1 each—53,500 in total—of any other board director, including Sir David.

It also shows that Mr Neville exercised options as to 50,000 at a subscription price of 133p in 1985. The shares are now trading around 450p. Mr Neville, having spent some turbulent years with Rolls-Royce since he first joined the company in 1959, is now clearly looking to a brighter more stable future.

Lionel Barber

Watching the 3-D cube

AT FIRST sight, it is a little difficult to believe that Mr John Jackson is finance director of a major British public company with 130 subsidiaries, annual sales of more than £1bn, and employees totalling more than 19,000.

Mr Jackson is still only 36. A short, compactly-built man, his youthful features reveal a great deal about the company over which he retains ultimate financial control. Hillsdown Holdings came to the London stock market just 15 months ago. Yet in that brief space of time it has proved one of the fastest growing and most acquisitive businesses in the food sector.

Since its stock market debut, Hillsdown has spent more than £35m buying 20 companies. Today, its interests spread into furnishing, poultry, eggs, meat, office equipment, property development and retail travel agencies. Earlier this year, it contemplated its most ambitious acquisition yet: a £486m hostile bid for S. and W. Berisford, the commodity trading, property and financial services group whose prize asset is British Sugar, the UK beet monopoly.

Hillsdown's hectic style of corporate life must impose a certain amount of strain on Mr Jackson. But then it was always so, starting on the day that he arrived as a 26-year-old chartered accountant to do some audit work for a skilful entrepreneur by the name of Mr David Thompson, the publicity-shy joint chairman of Hillsdown.

That was back in 1976. Mr Jackson, a graduate in analytical chemistry *from* Imperial College, London, had qualifed as an accountant and was looking for a challenge. When he heard that there was a chance of a job, he slipped off to Companies House to take a look at Mr Thompson's various investment holdings. Having checked out some 31 different companies, he thought he was fully briefed.

"The joke was that the only company I had missed was something called Hillsdown Holdings," Mr Jackson recalls, "it had some investments in property and held some money but that was it."

He became Hillsdown's first full-time paid employee. In May 1977 he was appointed finance director, a big jump for someone who had a bit of book-keeping experience but little practical *knowledge of the commercial* world outside the cosy atmosphere of the accountancy profession.

In the early days, Mr Jackson says he was a jack-of-all-trades. His jobs ranged from credit control to the more mundane responsibilities of buying stamps and checking that the office photocopier was working. "We have all learnt through having control over our own destiny how easy it is to squander money. It has made us very mean."

His system of financial controls has to be mean, given the number of subsidiaries he has to watch inside the holding company.

At the group's headquarters in Hampstead, north London, there is a small ICL micro-computer running a software program—Finar—which can consolidate monthly financial accounts inside 24 hours.

PROFILE: John Jackson, of Hillsdown Holdings, has learned from experience the value of a "mean" control system.

The computer also contains a model which retains Hillsdown's budget plan. When the management accounts arrive, they can be fed into the model and measured against the budget, "a little like a three-dimensional cube," says Mr Jackson. From there, he says, the computer offers a breakdown of the group's stocks, fixed assets, overdraft position, profits before tax and working capital. The same model is used for *updating budgets and forecasts.*

"You either find firms having a head office of 300 people doing this work or they don't do it at all. I am a great believer in using small computers as a tool of management efficiency," says Mr Jackson. He estimates Hillsdown spent £10,000 on the hardware, £1,000 on the software, and a further £2,000 a year on the maintenance contract.

That, of course, is not the only computer in use. There is an *IBM 34 which contains, among* other data, a credit register of some 31,000 Hillsdown customers (with specific ratings and limits accorded to each customer). Mr Jackson says that individual companies are allowed to exceed set credit limits, but they must inform head office. "If there is a problem, then it is down to them."

He stresses that there is a certain amount of trust involved: something which he, *Mr Thompson and Mr Harry* Solomon, Hillsdown's other joint chairman, have attempted to nurture within the group.

The friendly manner and jocular style favoured by Mr Jackson (and Mr Solomon) doubtless helps. "If someone is honest enough to say 'We have a problem which is £100,000 or more,' then we can discuss it. But if we find out later and nothing has been said, then we get very, very annoyed," says Mr Jackson.

Backing him in what is clearly a lean and hungry head office staff of accountants are Barry Legg, 37, company secretary; Robert Evans, 32, treasurer; Keith Buchanan, 33, chief accountant; David Grey, 25 and formerly with Peat Marwick Mitchell, the accountants, and Charles Ryan, 23, a recently recruited MBA. It is a young team, and the responsibilities are very clearly divided.

Mr Jackson describes part of his own job as keeping a control over the more entrepreneurial spirits within the group. That applies as much to the management in the subsidiaries as to the boardroom. When you are expanding as fast as Hillsdown, there has to be someone to curb—rather than stifle—the more extravagant ideas to develop new businesses.

Such a moment came at the height of the battle for control for Berisford, led by the equally entrepreneurial figure of Mr Ephraim Margulies, Berisford's wily chairman. There was some talk of putting in a cash alternative to the all-share bid. Mr Jackson was nervous: despite a long look at the accounts of Berisford (itself a sprawling empire of disparate businesses), there was the danger of Hillsdown wading into deep water.

Mr Jackson says: "There was no way I was going to mortgage this company's future for the Great Acquisition."

In the event, it was the entrepreneurial figure of Mr Thompson who first suggested selling Hillsdown's 14.7 per cent stake—to Ferruzzi, the giant food and agricultural group. Mr Jackson and Mr Solomon agreed, having become further disillusioned when the Hillsdown bid, along with a conditional offer from Tate and Lyle, was referred by the Government to the Monopolies and Mergers Commission.

Some City analysts criticised Hillsdown's lack of patience. Others wondered if they had underestimated the political nature of the UK sugar business. That is entirely possible. But Hillsdown, like Mr Jackson, is still a very young enterprise.

Lionel Barber

FINANCIAL TIMES
Thursday July 3 1986

Citibank to close four branches in West German retrenchment

BY DAVID BROWN IN FRANKFURT

CITIBANK, the US banking group, has decided on a major change in strategy on the West German market which will mean a sharp cut in its branch network.

The decision marks an abrupt about-face for the group, which only last year announced plans to compete on a wide range of "universal banking" services.

Citibank – which is one of the biggest foreign banks established in West Germany – said yesterday it would withdraw within several weeks from four of the nine cities where it has branches at present.

The bank is to close its branches in Cologne, Hanover, Nuremberg and Mannheim. Its branches in Berlin, Düsseldorf, Hamburg, Munich and Stuttgart will remain open. Citibank's West German headquarters is in Frankfurt.

Mr Allen Macomber, the new chief executive, said Citibank had "misjudged" both the level of demand among the medium-sized companies which it had previously targeted, as well as the strength of the competition from domestic banks.

The drive for this so-called "middle market" had earlier been a key element of Citibank's West German strategy.

Mr Macomber said the bank would concentrate on offering more specialised banking services for larger corporate clients and investment banking services.

Citibank also confirmed the bank had not yet lead managed D-Mark Eurobond issues – although this possibility had been open to it since May 1985 as part of the Bundesbank's capital markets liberalisation drive. But it stressed that it had been active as a co-manager of such issues.

Citibank's 1985 parent company operating profit climbed sharply from DM 68.1 to DM 103.6m ($47.7m) on roughly unchanged business volume of DM 6.8bn. The balance sheet total at the close of the year stood at DM 4.9bn.

Earnings on foreign exchange and commission climbed sharply from DM 67m to DM 117.4m, and the bank sees a "good start" to this business in the first part of 1986.

Jonathan Carr on the reorganisation at W. Germany's biggest industrial concern

Daimler treads a management tightrope

HAS DAIMLER-BENZ, West Germany's biggest industrial concern in sales terms, found the right road to new stardom – or wandered into a minefield? The question is posed following yesterday's announcement of a sweeping reorganisation of the fast-diversifying group's management structure.

Few doubt that a management revamp was urgently needed. Even before its latest company acquisitions, the prestigious vehicle-builder had an executive board of just nine people (one a deputy) to run a worldwide group whose sales had about doubled in a decade.

Then came a DM 2.6bn ($1.2bn) "spending spree" over the last 18 months, bringing Daimler control over MTU (engines), Dornier (aerospace) and AEG (electricals). The result is a concern which will have sales revenue of around DM 67bn this year, more than 310,000 employees and products ranging from washing machines to satellites.

The question Daimler has debated for months is how to find a management structure which will ensure control over, and co-operation between, the different parts of this far-flung "high-technology empire."

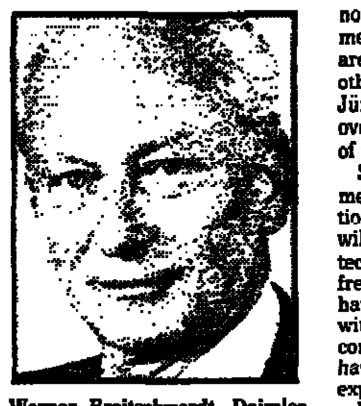
The answer produced at the annual shareholders' meeting yesterday by Mr Werner Breitschwerdt, Daimler's chief executive, looks relatively straightforward; but it also raises new questions and potential problems.

The core of the new scheme, as expected, involves reorganising and expanding the executive board. So far, board members have had broad responsibility for fields such as sales, production, materials procurement and so on – but not for individual product groups. This is now changing.

In the new board there will be a separate division for cars (headed by Mr Gerhard Liener, hitherto responsible for Daimler's subsidiaries). The board will also be extended to include the heads of the three newly acquired companies – Mr Heinz Dürr of AEG, Mr Hans Dinger of MTU and Mr Johann Schaffler of Dornier.

To help ensure, as Mr Breitschwerdt put it, that the whole group "will be more than the sum of its parts," a so-called "structure and synergy" committee composed of key board members will be set up. Its job will be to seek to avoid overlap between the activities of the different companies and to encourage technology transfer between them.

Initially this committee will be headed by Mr Edzard Reuter, who remains Daimler's finance chief and who has probably been the main force driving the company's



Werner Breitschwerdt, Daimler chief executive

diversification policy. Later the chairmanship will pass to Mr Rudolf Hörnig, who is board member responsible for research and technology.

Naturally, this new structure may achieve just what Daimler hopes and expects of it – but there are clear risks, too, some of a technical nature, others involving personalities and psychology. For example, the "mixed board" system now adopted brings with it sources of potential friction not obviously present before.

Mr Niefer and Mr Liener may now be "kings" of the car and commercial vehicles divisions, but they are not wholly independent. Another board member (Mr Hans-Jürgen Hinrichs) is responsible for overall sales – and hence for those of vehicles, too.

Similar questions arise for board members with other "broad functions." For instance, to what extent will Mr Hörnig as "research and technology" chief, or even Mr Manfred Gentz, as personnel manager, have influence on these sectors within the three newly acquired companies? If they are going to have quite a lot of clout, at whose expense will it be obtained?

Less a technical question, more a fundamental one, is how AEG is going to be integrated into the group. MTU, which concentrates on engines and had turnover last year of DM 2.7bn, presents little of an integration problem. Dornier, with expected turnover this year of DM 2.5bn but with quite a diversified product range, is felt to present a larger difficulty but still a manageable one.

By far the biggest challenge comes from AEG, the once-ailing electricals concern with products ranging from domestic appliances to solar technology and expected turnover this year of more than DM 11bn. How will Daimler be able to turn this "mini-multi" to its advantage?

Many at AEG are now breathing a sigh of relief that Mr Durr has been appointed to the Daimler board – but not for reasons which will necessarily please Daimler. In recent years AEG under Mr Durr struggled back to modest profitability after a traumatic period of near bankruptcy and drastic cuts in the labour force.

AEG employees will now tend to see Mr Durr as their guarantor within the inner circles of Daimler that there will be no cuts or painful reshaping imposed by the new owner. Yet, will Daimler be content in the long run to leave AEG more or less as it is (even retaining, for example, the household goods division which accounts for 15 per cent of sales)?

The new management plan follows a lot of discussion, and controversy, within Daimler, and there is bound to be public speculation about who has emerged as the "strong man." Daimler, the vehicle builder, had a very special tradition and atmosphere – a feeling of employees pulling together in a common cause. Daimler, the diversified high-technology concern, now faces the major headache of re-creating that feeling in a wider, more complex context.

Revenue fall to cost 700 CBS jobs

By William Hall in New York

CBS, the US entertainment giant which has been the subject of perennial takeover rumours, yesterday announced that it was shedding 700 jobs in its important broadcasting operations in a bid to save up to $50m a year in overheads.

The job losses were higher than expected, and Mr Gene F. Jankowski, president of CBS/Broadcast Group, said yesterday that he wished that job losses could have been avoided. But he noted that US TV advertising, which had fallen for the first time in 14 years last year, was growing more slowly than expected in the current year.

This year's original industry projections were for a 6 per cent market increase, but the first half of the year was well below that, and media analysts are now reducing their forecasts, said CBS yesterday. It added that low inflation in the national economy was resulting in lower price increases for American products and lower growth in advertising expenditure.

CBS shares slipped by $½ to $148¾ in early trading yesterday.

UK television group welcomed by market

BY ALICE RAWSTHORN IN LONDON

THE SHARES in Thames Television, the UK independent television company which came to the stock market last week, rose to an immediate premium when dealings began yesterday.

Crowds formed on the London Stock Exchange floor to buy Thames' shares as soon as the day's trading began. Thames' shares rose from the opening price of 190p to 225p, rose to a peak of 243p and ended the day at 230p.

On a closing price of 230p Thames is valued at £109m ($168.9m) in contrast to its proposed market capitalisation of £91.2m and the £82.5m that Carlton Communications offered for the company in its unsuccessful takeover bid last autumn.

The frenetic pace of business in the shares and the scale of the premium fuelled speculation that Carlton had instructed a broker to buy as many Thames' shares as possible. Mr Michael Green, Carlton's chairman, refused to confirm or deny whether his company was buying the shares.

"As a matter of company policy we do not comment on reports like this," he said. "Thames is clearly an exciting company, and Carlton has made no secret that we are convinced we have a contribution to make to the independent television network."

According to Thames' articles of association the highest possible holding that Carlton, or any other public investor, could acquire would be 10 per cent of the company's shares. Both BET and Thorn-EMI, Thames' former joint owners which now hold 57.5 per cent of its shares, have made undertakings to the Independent Broadcasting Authority watchdog not to reduce their holdings further until the current Thames franchise expires in 1991.

Thames' offer for sale last week – which released 17m shares or 35.6 per cent of the company's equity – was oversubscribed 26 times. Although a large proportion of the 102,628 applications for shares was rejected by Thames' merchant bank, County, as "multiple applications" from stags or speculators, Thames has allocated shares to almost 48,000 investors, more than 40,000 of whom hold the minimum of 200 shares.

The success of the Thames' flotation sets an encouraging precedent for the offer for sale of the breakfast television station. TV-am, which is expected to come to the Unlisted Securities Market early next week with a market capitalisation of around £50m.

Beatrice to sell Max Factor and Playtex

By Paul Taylor in New York

BEATRICE, the diversified US food and consumer products company which was taken private in a $6.2bn leveraged buy-out by Kohlberg, Kravis Roberts earlier this year, has put its Playtex and Max Factor personal products line and several other businesses up for sale.

The operations put on the auction block have annual revenues of about $1bn and could fetch about $900m, according to Wall Street analysts.

The move had been expected as part of Beatrice's plans to reduce the heavy debt burden assumed to finance the leveraged buy-out. The Chicago-based company's loan agreements require it to sell at least $1.45bn in assets by mid-1987.

Beatrice has already agreed to sell its Avis car rental agency business which, like the Playtex line was acquired by Esmark from Norton Simon before Esmark's merger with Beatrice in 1984.

An investor group led by Wesray Capital, a company formed by Mr William Simon, the former Treasury Secretary, is paying about $250m for Avis. Two weeks ago, Beatrice agreed to sell its Coca-Cola bottling operations to Coca-Cola for $1bn.

The group said that it had hired Goldman Sachs, the Wall Street investment bank, to "assist in the dispositions" of its personal products group, which includes products ranging from Playtex intimate apparel and baby bottles business, Max Factor cosmetics and Halston perfumes. The company did not identify any potential buyers.

The move appears to confirm industry analysts speculation that Beatrice, under Mr Donald Kelley, chairman, intends to focus on the group's extensive food business which accounted for about 80 per cent of its $11.4bn in sales and 75 per cent of its $856m in operating earnings last year.

IBM unveils data network

BY OUR NEW YORK STAFF

IBM, the world's largest computer group, yesterday unveiled a transcontinental data processing network for its customers.

The planned network is believed to be the first of its type and appears to represent the major and long-awaited push by the computer group into value-added computer data telecommunications.

IBM said the international network would begin operations between the US and Europe at the end of this month and provide customers with interactive and batch processing services.

Eventually IBM plans to extend the network service to link the US, Asia, Europe, the Middle East and Africa.

IBM owns an equity stake in MCI Communications, the Washington-based long-distance carrier which, earlier this year, absorbed IBM's Satellite Business Systems (SBS), long-distance telephone carrier. IBM has been expected to unveil such a service.

While IBM gave few additional details yesterday of how the network will operate, analysts speculated that IBM will use its expertise in data processing and on its stake in MCI to provide its customers with value-added data services such as packet-switching data transmission and the ability to transfer data between different computers over long distances.

Currently most big corporations rely on common carrier telephone companies or their own private networks to transfer computer data around the world.

IKB to raise dividend

By Our Frankfurt Correspondent

WEST GERMANY's Industriekreditbank-Deutsche Industriebank (IKB), which specialises in long-term lending to corporate customers, is to raise its dividend from 15 to 16 per cent for the 1985-86 business year (ended March 31).

The raised dividend will be paid in full on basic capital raised last autumn by DM 18m ($8.29m) to DM 180m. Since the start of the new business year IKB has again raised its capital – this time to DM 210m. These new shares will be eligible for the full dividend for 1986-87.

Allied-Lyons bid ruling delayed

By Bernard Simon in Toronto

CANADIAN Government has delayed for 10 days a decision whether to allow the British food and beverage group Allied-Lyons to proceed with its disputed purchase of the drinks business of Hiram Walker resources.

In terms of Canada's foreign investment legislation, the Government's vetting agency Investment Canada was due to announce a decision by yesterday, failing which the transaction would be deemed to be approved. An Investment Canada official said however, that the parties had agreed to a 10-day extension "just to finalise elements of the proposals."

He declined to elaborate, but the delay may mean that Ottawa will give its consent to the C$2.6bn (US$1.88bn) deal – understood to be the biggest single foreign investment ever made in Canada – only if Allied-Lyons meets certain conditions.

Deutsche Shell surplus rises to DM 466m

BY RUPERT CORNWELL IN BONN

DEUTSCHE SHELL, the West German subsidiary of the Anglo-Dutch oil group, boosted its profit last year to DM 466m ($214.7m) from DM 415m, while its total remittance to its parent will, at DM 664m, be almost double the 1984 figure. But the subsequent collapse of international oil prices is likely to have a major impact on earnings for 1986.

The huge jump in the remittance largely reflects the obligation of Deutsche Shell to reimburse reserves built up because of past price increases. But the improvement in operating profits, according to Mr Cornelius Herkstroeter, Deutsche Shell's chief executive, reflects the near return to the black in 1985 of the concern's traditional oil business.

Losses in this field were slashed to DM 3.08 per tonne of a total throughput of 15.8m tonnes from DM 23.55 in 1985. Had it not been for stock valuation writedowns of DM 168m, the company would have made a profit of DM 8.56 per tonne, Mr Herkstroeter said.

But this deficit was more than made good by oil trading profits, as well as the DM 110m earned by Deutsche Shell's chemical division. Total sales of the company, meanwhile, advanced last year to DM 27.3bn from DM 25.5bn in 1984.

Mr Herkstroeter warned that the present depressed state of the world oil market was unlikely to change in the short term, and had already pushed his company's domestic operations back into the red. Budgeted investments for 1986 in oil and gas exploration and production had already been trimmed by 12 per cent.

The changing energy market moreover has stirred Deutsche Shell's interest in diversifying. But, Mr Herkstroeter noted, suitable investment opportunities in fields close to its traditional business – apart from chemicals – were not easy to find.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE JUNE 27

	Redemption Yield	Change on Week %	12 Months High	12 Months Low
US Dollar	9.361	−1.339	10.850	9.094
Australian Dollar	13.140	0.145	14.630	12.600
Canadian Dollar	10.634	−0.784	11.850	10.489
Euroguilder	6.099	0.164	7.040	5.971
Euro Currency Unit	8.416	−0.848	9.660	8.164
Yen	6.431	−1.290	7.250	6.307
Sterling	10.060	−0.327	11.932	9.751
Deutschemark	6.622	−0.241	7.260	6.418

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INTL. COMPANIES & FINANCE

Forstmann Little buys Midland Ross

By Our New York Staff

FORSTMANN LITTLE & Company, the New York investment firm which specialises in leveraged buyouts, has agreed to buy Midland-Ross Corporation, a Cleveland-based engineering company, for $450m.

The agreement provides for Midland-Ross to be acquired by a corporation organised by Forstmann Little for $28 per share in cash. The management is not expected to have a stake in the transaction.

Forstmann Little said the transaction was fully financed and that it had received an option to purchase a $45m issue of convertible preferred stock held by the Pritzker family from Chicago.

Midland-Ross is a diversified manufacturer of highly engineered components and assemblies for the aerospace, electronics, electrical and thermal systems markets. It operates 41 plants around the world and employs more than 9,000.

The company has been headed for the past 17 years by the 61-year-old Mr Harry Bolwell. It earnings peaked at $43.8m, or $3.70 a share, in 1980 and fell to $3.8m in 1983. Over the past couple of years profits have been around the $20m mark but in the first quarter of 1986 earnings fell by 22 per cent to $4.6m on marginally higher sales of $170.8m.

Simmons increases his offer for NL Industries to $940m

BY WILLIAM HALL IN NEW YORK

MR HAROLD SIMMONS, the Dallas investor, has increased his offer for NL Industries, the embattled oil services company, by $⅛ to $15⅛ a share, valuing the company at $940m.

Only hours before the increased offer from Mr Simmons' Amalgamated Sugar Company, NL Industries announced that it was considering spinning off its operations into two separate entities following the news that Mr Simmons had increased his stake to more than 20 per cent and triggered the company's share purchase rights, often referred to as a "poison pill" anti-takeover plan.

NL Industries, whose traditional oilfield operations have been depressed by the slump in the energy industry, said it was considering establishing separate trading markets for its two component businesses in order to enhance stockholder values. This option, if pursued, would probably be accomplished by a pro-rata spinoff to NL stockholders of shares in a new company composed either of NL's petroleum service or chemicals businesses.

Any such companies were unlikely to be subject to NL's existing share purchase rights plan. NL said that if a new petroleum services company was established it would be capitalised with a strong equity base.

Since Mr Simmons now has 20.4 per cent of NL's common stock, the poison pill share purchase rights have become exercisable and will now trade separately from NL common stock and can no longer be redeemed. NL said that "the rights will now function to prevent Simmons from forcing a merger transaction upon stockholders at an inadequate price or for inferior consideration."

Associated adopts 'poison pill' against takeover bid from May

BY OUR NEW YORK STAFF

ASSOCIATED Dry Goods, the big US department store group, has rejected May Department Stores' $2.7bn bid and has ordered its investment bankers to "develop alternative courses of action which would result in maximising values for the company's stockholders."

The rejection of the $60 a share offer came as little surprise on Wall Street where Associated's shares have been trading at a premium to the offer price since May launched its hostile bid last week.

Associated has adopted a preferred stock rights plan, commonly referred to as a "poison pill," and is working on other anti-takeover measures.

"This could involve the disposition of one or more operations of Associated and their purchase of Associated shares, after or in connection with such disposition. In this regard, the company plans to discuss with other companies the possible sale of one or more operations," said the company.

"While we have high regard for May as a company, our board unanimously concluded that in the exercise of its fiduciary responsibilities it could not allow coercive tactics to cause Associated to be sold at a price, or merged at an exchange ratio, which did not in its judgment represent full value to Associated's shareholders," said Mr Joseph Johnson, Associated's chairman.

Mining group to withhold bank debt payment

By Mary Frings in Dallas

SUNSHINE MINING company of Dallas is withholding payments on $122m of bank debt associated with last year's acquisition of Woods Petroleum, in order to bring its creditor banks back to the negotiating table.

Sunshine said that, although it had the cash available to make a principal repayment of about $8m due last Monday, its oil and gas subsidiaries would not make further payments until the banks agreed to terms which more realistically reflected present-day conditions in the energy industry.

The original loan agreement called for principal repayments of $30m a year, with interest at ½ per cent over prime. In order to defend its relatively healthy cash position, Sunshine wants to reduce the near-term principal repayments.

Its total debt amounts to nearly $260m, including $115m in silver-indexed bonds.

Earnings at CSX dip in first quarter

By Our Financial Staff

LOWER income from real estate sales left first-half net earnings at CSX, the second biggest US rail group, down $8m at $217m, or from $1.45 to $1.37 a share. In the second quarter the decline was to $124m or 81 cents from $127m or 85 cents. Revenue in the quarter was $1.61bn, taking the half-year total to $3.3bn, compared with $3.82m.

Despite a 6 per cent decline in first half transport revenue, cost controls permitted a 16 per cent increase in this operating profit.

The quarter benefited from a $28m fire insurance settlement.

Separately, London-based Texas Gas Exploration (UK), part of CSX, is making a cash offer of about $30.5m for Industrial Scotland Energy.

Industrial Scotland's assets include a production interest in the North Sea's Forties oil and gas field.

Bucherer plans rights issue

By Our Financial Staff

BUCHERER, the Swiss watch and jewellery retailer, plans to go public through the stock market issue of participation certificates which would bring SFr 30m ($16.7m) into the group.

The proposals are described by Mr Joerg Bucherer, the company's sole owner, as necessary to ensure the long-term survival of Bucherer. The certificates go on sale from July 7.

INTL. COMPANIES and FINANCE

Pan-Electric set for hotel disposal

BY CHRIS SHERWELL IN SINGAPORE

CITY DEVELOPMENTS, the listed property and hotel unit of the Hong Kong group in Singapore, has offered to buy the Orchard Hotel through an issue of shares. If the deal goes through, it would be the second major disposal of assets owned by Pan-Electric Industries, now in receivership.

It would also be a coup for the Kwek family, which controls the Hong Leong group and is believed to be under pressure from its bank creditors. The Orchard would give it an asset against which to secure its large debt.

The offer is believed to involve the issue of around 30m new City Developments shares at a price of about S$1.34, which represents a 10 per cent discount on Tuesday's closing price of S$1.48. This would value the hotel at about S$40m (US$18.3m).

By last night most of the shares were understood to have been placed. But the deal is still subject to the approval of the Singapore stock exchange, because it involves the issue of new shares, and of City Developments shareholders, which should be more of a formality.

Pan-Electric Industries, a marine salvage, property and hotel group, collapsed last November with S$400m in debts and S$140m worth of commitments it could not honour in forward share deals. Fears of a chain of broker defaults led to the unprecedented three-day closure of the Singapore and Malaysian stock exchanges and a plunge in stock prices.

The group was put into liquidation in February. Financial reports by Price Waterhouse, the receiver, indicated that Pan-Electric's principal assets—the Selco marine salvage operation, and the Orchard Hotel—would have to be sold.

At the end of March, the principal assets of Selco were bought by a company linking Sembawang Shipyard, the state-controlled listed shipyard, and Temasek Holdings, one of the Government's big investment corporations.

By May the Orchard Hotel was on the market as a going concern after its four bank creditors had agreed not to wind up the company and had taken possession of a mortgage. The hotel has been operating at 70 per cent room occupancy, higher than the Singapore average.

City Developments shares stand at double their 12-month low point of 74 cents, and are equivalent to a historic price/earnings ratio of above 30.

Paid-up capital currently amounts to S$133m, in the form of 266m 50-cent shares. Net debt to shareholders' funds is put at 73 per cent. Earnings after tax and minority interests in calendar 1985 were S$12.9m, down from S$17m.

City Developments controls the King's Hotel company which owns the 319-room King's Hotel and the 475-room Novotel Orchid Inn. The Orchard Hotel would represent an important addition to the business because of its prime location at the top of Orchard Road, a key artery.

Kia agrees minority stake for Ford

By Steven Butler in Seoul

SHAREHOLDERS OF Kia Motors, the South Korean vehicle manufacturer, voted yesterday to allow Ford Motor of the US to acquire a minority equity stake in Kia.

Resolutions adopted at a special shareholders' meeting authorised the company to issue new shares that would allow Ford to purchase up to 10 per cent of the company, as well as to maintain the current equity share arrangements with Mazda Motors, which owns 8 per cent, and C. Itoh of Japan, which owns 2 per cent of Kia.

Kia plans to increase its issued capital by 30bn Won ($33.8m) to 110bn Won before the end of the year.

A resolution also authorises Kia's board to decide on a price at which to issue new shares to the foreign partners. The pricing has evidently been subject to extensive negotiations between Ford and Kia, with Ford resisting paying the full market value of the shares, which have risen sharply in the past year.

Neither Kia nor Ford representatives in Seoul, however, would comment on what pricing formula had been agreed on. Ford is expected to pay a substantial premium over the par value of the shares, but one that falls short of current market value.

Fraser & Neave drops Seven-Up franchise

BY OUR SINGAPORE CORRESPONDENT

FRASER & NEAVE (F&N), the Singapore soft drinks manufacturer, has given up its 27-year-old franchise to make and market Seven-Up and instead added Coca-Cola's Sprite drink to the long list of beverages it handles.

The move, announced yesterday, follows last week's rejection by the US Federal Trade Commission of Pepsico's bid to buy the Seven-Up operations from Philip Morris.

Philip Morris said it still wished to sell the Seven-Up business, and on Tuesday F&N decided, in light of the uncertainty, that it would not serve the company's long-term interest to continue with the franchise.

A new agreement with Coca-Cola means F&N will handle the Sprite lemon-lime drink as well as Coca-Cola, Diet Coke, Cherry Coke and the Fanta range. F&N also produces a range of its own brand-name soft drinks.

The franchise will cover [illegible] and Malaysia, and reinforces a strong link between F&N and Coca-Cola which goes [illegible]

Jack Chia reduces loss

JACK CHIA-MPH, the Singapore consumer products group with interests in hotels and property, has reported an after-tax loss of S$3.64m (US$1.66m) for the year to March, a significant reduction on the previous year's figure of S$10.7m, writes Our Singapore Correspondent.

The group turned round its operating loss of S$6.8m last year to a profit of S$3.4m, thanks principally to the absence of foreign exchange losses. Turnover was marginally higher at S$86.45m.

Chia said all divisions operated profitably except the hotel division, where Hotel Taipan Ltd, another quoted company, incurred a pre-tax operating loss of S$3.87m against a loss of less than S$1m the previous year.

But it was losses from associated companies which kept the group into the red overall. These rose sharply to S$4m, and would have been still higher but for profit contributions from the company's 50 per cent interest in the lucrative Tiger Balm and Kwan Loong businesses.

Earnings at Fujitsu plunge 56%

By Yoko Shibata in Tokyo

FUJITSU, Japan's largest computer maker, and its consolidated subsidiaries were one of the groups to be hit hardest by the semiconductor recession and surge of the yen's value in the year to March, with net profits down 56 per cent to Y38.93bn ($239.5m).

Sales increased 8.3 per cent to Y1,691.8bn. At the parent company alone they rose 10.7 per cent to Y1,429.5bn, a difference in growth which illustrates the poor performances of its semiconductor-related and overseas sales subsidiaries.

The company's information processing sector, accounting for 66 per cent of total turnover, boosted sales 16.6 per cent while telecommunications—accounting for 15 per cent, of all sales—improved by 20.6 cent. However, turnover in semiconductors and other electronic devices dropped by 27 per cent.

Overseas sales declined by 5 per cent overall to account for 24 per cent of total turnover.

Net earnings per share were Y27.06 against Y68.51.

For the current year, Fujitsu expects consolidated pre-tax profits to improve 52 per cent over the previous year to Y71bn, on projected turnover of Y1,958bn, up 15.7 per cent. Net profits are forecast at Y42bn, up 8 per cent.

Anglo American purchase

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIAN Anglo American, a subsidiary of Anglo American Corporation of South Africa, is reported to have paid some A$18.26m (US$11.98m or £7.78m) for 14.9 per cent of Poseidon, the one time high-flyer of the Australian nickel exploration boom which is now a dividend-paying gold investment company.

The 5.37m shares involved were bought at A$3.40 per share from Claremont Petroleum, which says that this is the maximum amount permitted without approval from Australia's Foreign Investment Review Board. The company is, however, guaranteed the same price for its remaining 1.5m Poseidon shares in the event of FIRB approval.

Australian Anglo American was formed in 1971 as the Johannesburg group's Australasian mining finance and exploration arm, but its progress has been disappointing. Poseidon has done well in its new career, mainly as a result of an indirect 24.4 per cent stake in the gold-producing Kalgoorlie Mining Associates, which operates on Western Australia's Golden Mile.

ConsGold issues £42m convertible

BY CLARE PEARSON

CONSOLIDATED Gold Fields, the international mining and industrial group, yesterday launched a £42m bond convertible into its shares. Demand in the Eurobond market for equity related issues generally remained strong while fixed-rate deals traded thinly.

Credit Suisse First Boston led Gold Fields' 15-year issue, which should be priced on July 9. The coupon is expected to be set at 7½ per cent and the conversion price at a premium of 5 per cent. The bond has an investor's put option after five years, which *will be priced to yield between* 9 and 9½ per cent.

Yesterday ConsGold shares traded at around 459p, having gained about 30p over the past week.

Credit Suisse First Boston reported strong demand for the bond, which traded above its par issue price.

The company will use the proceeds mainly to fund the development of its construction materials interests in the UK.

Also in the equity related sector, Shearson Lehman Brothers launched a $40m 15-year bond for National Guardian, the US Security company. The coupon was indicated at 7 to 7½ per cent and the conversion premium should be set at between 15 and 20 per cent when pricing takes place on July 14. The stock traded at around $11½ yesterday. The par priced bond may be called after three years.

In the dollar market, most recent fixed-rate deals traded at loss making levels for underwriters. Dealers say there is demand for good quality names priced at generous yield spreads over US Treasury bonds.

There was one new fixed-rate issue. LTCB International launched a $100m deal for its parent, Long-Term Credit Bank of Japan. The five-year bond *pays coupons of 8 per cent and* is priced at 101½. Some dealers said that it met a weak reception, although the lead-manager reported a bid price representing a discount to issue price of 1½ per cent, the level of the fees.

In the floating rate sector, Banque Paribas launched a 10-year bond for Batif Banque, the banking subsidiary of Thomson, the French electronics company. Thomson guarantees the deal, which will be interchangeable with an outstanding floating rate note for Batif launched in March.

The new bond is for $100m with $75m on tap until September this year. The coupon is set at the same level as the outstanding bond — ⅛ per cent over six-month London interbank offered rate (Libor). Fees total 75 basis points.

The bond carries 100,000 10-year "interest floor" warrants which bring the "package" issue price to 103 per cent. Warrants entitle the holder to the difference between 6¾ per cent and six-month Libor if Libor drops below that rate. Batif's outstanding bond has warrants with an "interest floor" of 8 per cent.

Banque Internationale a Luxembourg increased an original Ecu 80m equity warrants *bond for Pargese to* Ecu 100m and set the price at par. The warrants' exercise price was set at SFr 2,240, a 4 per cent premium. The bond traded at around 102½ on the bid side.

Trading in the D-Mark market was subdued, with price changes mixed. Deutsche Bank launched a DM 750m FRN for Ireland. The 12-year bond pays interest at the level of six-month Libor. There is no maximum or minimum coupon. It is priced at par, and callable after five years at par. Fees were 20 basis points, giving an all-in cost to Ireland of 4 basis points over six-month Libor.

Dealers quoted trading levels outside the level of the total fees.

Deutsche Bank also launched a DM 45m equity warrants bond for Renown Look, the Japanese women's clothing manufacturer, in its first public bond issue. The five-year bond has an indicated coupon of 1⅞ per cent, but pricing will take place on July 9.

The Swiss franc market showed a slightly improving tone yesterday. Swiss Volksbank launched an equity warrants and a convertible private placement for Aoki Construction. The SFr 100m five-year equity warrants bond has an indicated coupon of 1⅛ per cent and the exercise premium should be set at 2½ per cent on July 9.

Aoki's SFr 150m five-year convertible bond also has an indicated coupon of 1⅞ per cent. The conversion premium should be set at 5 per cent.

Union Bank of Switzerland launched a 12-year SFr 150m to SFr 200m public issue for Province of Manitoba, with an indicated 5¼ per cent coupon.

In Zurich yesterday Bank of Greece's SFr 100m eight-year 5⅝ per cent bond, with a 99½ issue price, traded for the first time at 96. Taurnkraftwerke's SFr 150m 12-year 5¼ per cent bond traded at 99½ as against a par issue price.

Morgan Guaranty ends Malay bank role

BY WONG SULONG IN KAULA LUMPUR

MORGAN GUARANTY Trust of the US has sold its 13.7 per cent stake in Bank of Commerce (BOC) of Malaysia to Kumpulan Fleet, giving the diversified Malaysian group full ownership of the bank.

The price of the stake was not disclosed. Officials from both sides said the sale was concluded amicably and the two banks would continue to work closely with each other.

It is understood that Morgan Guaranty felt that its stake was too small to be worthwhile, and there were some reservations *over the close political links* of BOC. Fleet is the investment arm of the ruling United Malays National Organisation of Dr Mahathir Mohamad, the Prime Minister.

It is also understood that Fleet has given an undertaking to Bank Negara, the central bank, that it will reduce its stake in BOC to 51 per cent after two years in order to conform with the central bank's policy to diversify ownership.

Morgan Guaranty's involvement in BOC dated back to 1979 when it took a 30 per cent stake, but this was diluted last year when it did not take up its entitlement in a rights issue.

Most Malaysian banks are adversely affected by provisions for non-performing loans, but BOC reported a doubling of pre-tax profits to 3.2m ringgit (US$1.25m) for the year

Meanwhile, American Express is said to be interested in disposing of its 20 per cent stake in Pacific Bank.

Bankers say several groups have expressed interest but later backed away because of the asking price — believed to be between 41m ringgit and 52m ringgit.

Pacific Bank made pre-tax profits of 13.38m ringgit for calendar 1985.

NBK lifts stake in FRAB

BY OUR FINANCIAL STAFF

NATIONAL BANK of Kuwait (NBK), Kuwait's largest bank, has bought out minority shareholders in the Paris-based FRAB Bank Group, increasing its stake to more than 85 per cent.

FRAB was established as a consortium bank with European and Arab shareholders. Before the latest change, the NBK had already increased its ownership to 52 per cent. The bank will now be reorganised to fit into the NBK's international network.

FRAB had assets totalling $900m at the end of 1984 and will become the NBK's largest subsidiary outside Kuwait. It is engaged principally in sovereign risk lending, and suffered a decline in profits in 1985

$200m paper programme

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

SCANDINAVIAN BANK has appointed Merrill Lynch to act as dealer in a new $200m commercial paper programme in the Euromarkets.

The bank, which is owned by a consortium of Scandinavian institutions including Scandinaviska Enskilda, Bergen Bank and Union Bank of Finland, said the programme will allow it to issue paper with maturities of up to one year.

Meanwhile the $300m revolving credit facility for TransAmerica Corporation has been increased to $330m because of Credit Suisse First Boston, is oversubscription. The five-year facility, which was arranged by divided into two tranches bearing annual commitment fees of ⅛ per cent and ⅛ per cent respectively.

Koor turns to US for $105m funding

By Andrew Whitley in Tel Aviv

KOOR INDUSTRIES, Israel's largest company, has raised $105m in the US capital markets through a 10-year non-convertible bond issue priced at 12 per cent, underwritten by Drexel Burnham Lambert and Bear Stearns.

The issue broke new ground, as it was the first debt offering ever made by an Israeli company in the US. Its successful completion is thought likely to pave the way for other major Israeli companies to tap this source of finance.

The 10-year issue was made at par. A three-year sinking fund at the end of their term will produce an average life for the issue of just under nine years.

Investors have also received a five-year "no call" protection clause, preventing Koor from redeeming the notes prior to June 1991.

According to Mr Stan Halle of Bear Stearns, the hardest aspect of the issue was the lack of any precedent, making it difficult to know how to price it.

He admitted it had been a "tough education process" for the market, but said that a key selling point had been that fact that Israel as a country had never defaulted on a debt payment, nor missed a single payment.

The high yield on the issue and the absence of specified collateral puts the Koor bonds in the "junk" category. But Mr Halle insisted that the price set had been "an excellent deal for the company."

Koor Industries, a large diverse group with a strong export orientation, has an annual turnover of about $2.5bn and is alone responsible for about 8 per cent of Israel's gross national product. It has involvements mainly in chemicals, steel and heavy engineering.

The company is owned by Hevrat Ha'Ovdim, the business holding company arm of the Histradrut, the trade union federation. Only a small minority of its shares are traded on the Tel Aviv Stock Exchange.

The company said it had been forced to turn to the US because neither the local capital market—largely monopolised by the Government—nor the Israeli banking system could provide it with sufficient capital to meet its needs.

A$ Eurobonds weaken after tax changes

By Alexander Nicoll

EURO-AUSTRALIAN dollar Eurobonds have fallen by between 1 and 1½ points over the past two days, reflecting the weaker currency and rises in domestic yields after Tuesday's imposition of 10 per cent withholding tax on new foreign borrowing.

The secondary market could benefit over time, however, from scarcity value. Though non-Australian borrowers remain free to make Australian dollar issues, there are uncertainties about swap arrangements. In theory, the rise in yields in Australia could make for attractive swaps.

Australian borrowers are not expected to make Eurobond issues for some time, but are thought unlikely to stay away for good. Mr Mark Cliffe, chief economist at ANZ Merchant Bank, said borrowers could lessen the blow through deep-discounted or zero coupon bonds, and that the impact for investors could be softened by double taxation or domestic tax relief arrangements.

One uncertainty was removed when Commonwealth Bank of Australia's A$75m bond was cleared for signing today, though a A$100m tap which was to have accompanied it was scrapped.

Banque Paribas in Vuitton share offering

By Our Euromarkets Staff

BANQUE PARIBAS capital *markets* yesterday launched an international share offering for Louis Vuitton, the French luggage and leather goods group which on Tuesday announced a rights issue to fund a move into the perfume business.

The Vuitton family, which owns 33 per cent of existing shares, is not taking up its rights in the FFr 800m one-for-five rights issue. Banque Paribas is buying the rights, exercising them, and distributing the resulting shares—half of them in France, and half through the international placing.

The international syndication consists of 125,000 shares to be priced on July 7 at a discount to the ex-rights price, the cum-rights price was FFr 1,091 yesterday.

New Zealand looks for curbs on insider trading

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Government has ordered an inquiry into insider trading on the stock market.

Later this year, or early next, it will introduce new laws to curtail insider trading. These will be part of a wider review of NZ business laws which many believe need updating in line with the new deregulated climate in the economic and commercial world.

Government concern follows widespread allegations and rumours of extensive insider trading during the past two years, which have seen frenzied share market activity.

The Securities Commission has examined several transactions where insider trading is suspected to have been the cause of dramatically increased share prices before several takeover bids became public knowledge.

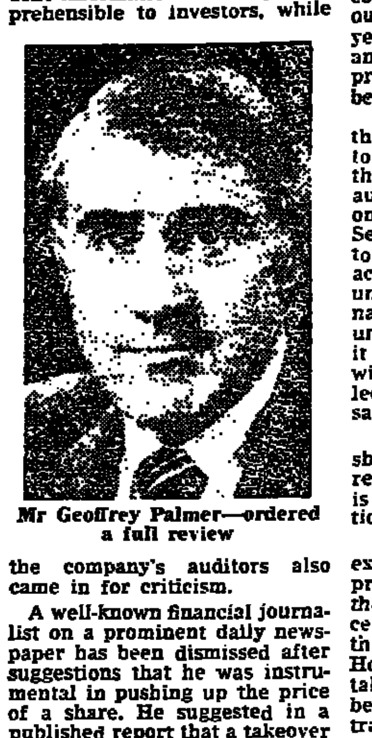
In a report to the Government the commission criticised some companies, including the Brierley group, for taking advantage of information gained through interlocking directorships. Brierley executives admit they have made decisions based on knowledge gained of another company through the presence of one of their own representatives on the board of that company.

The commission stressed there was nothing illegal in what Brierly and some other companies have been doing, but the practice does give them an advantage denied other shareholders.

The commission also revealed it had questioned some directors about share dealings by their wives. Mr Colin Patterson, the Securities Commission's chairman, said: "Most of they had no control over their the directors questioned told us wives' share transactions and asked how they could be expected to control them. We think they have a point."

Questions were also raised about the actions of Mr George Chapman, a former chairman of the National Party when in office. He disposed of a large holding in Perry Dines, an engineering company of which he was chairman, shortly before the shares fell sharply and the company went into receivership.

Mr Chapman, who also resigned from the board, did nothing legally wrong, according to the commission. It further criticised the Perry Dines annual report, issued before the group went into receivership, for failing to present information in a way comprehensible to investors, while



Mr Geoffrey Palmer—ordered a full review

the company's auditors also came in for criticism.

A well-known financial journalist on a prominent daily newspaper has been dismissed after suggestions that he was instrumental in pushing up the price of a share. He suggested in a published report that a takeover bid for the company was imminent with the result that its shares immediately rose. The company denied any knowledge of a takeover, and none occured.

The commission approached the paper's editor and provided details of how the journalist bought shares in the company before the takeover report appeared, and afterwards sold them at a profit. The journalist vigorously denies deliberately trying to manipulate the share price.

These and other similar incidents have occurred during a long stock market boom. Share prices have reached dizzy heights with a market index repeatedly breaking new records.

Mr Geoffrey Palmer, the Minister of Justice, has ordered a full review after receiving the commission's report. The commission is now carrying this out, and will report later this year. The legal implications and requirements of trying to prevent insider trading are also being studied.

There are no regulations in the New Zealand stock market to prevent insider trading, and thus few grounds on which the authorities can take action. The only relevant authority is the Securities Commission's power to investigate any market transaction about which it feels uneasy. The Commission can name anyone it feels has acted unethically, though until now it has usually contented itself with delivering a stern private lecture. It can take no legal or salutary action.

Some believe the commission should speak out more strongly, revealing more details when it is concerned about any particular market movement.

If members of the stock exchange are shown to have profited from insider trading, *they can be punished with* censure, a fine, suspension from the exchange or even expulsion. However, no action has been taken against a broker for being involved in insider trading for almost a decade.

Mr Roger Gill, executive director of the stock exchange, suggests some monetary penalty against those found guilty of insider trading should be included in any new laws the government introduces. Mr Gill says publicity is no real deterrent, but that the prospective loss of any profits made from insider trading would be more effective.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on July 2

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 16	200	101⅞	102⅜	−0⅞	−0⅝	9.52
Atlan. Richfield 10¼ 00	250	105⅛	105⅝	−2⅛	−1½	9.54
Australia Com. 11 95	200	115⅛	115⅝	−0⅞	−0⅝	8.47
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex. Ex. Os. Cr. 0 91 A$	100	54	55	+0¼	+0¼	13.50
Bremer Lndsbk. 12¼ 91 A$	50	101¼	102¼	−0½	−0⅝	12.08
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
Mitsubishi Bank 2⅞ 00	4/85	1760	129	130	−0⅝	8.29
Mitsubishi Elec. 2⅞ 00	3/85	422	131¼	132¼	−0⅝	−2.39
Mitsui Bank 2⅝ 01	4/86	1011.9	112½	113½	−2¼	−10.43
Murata 3½ 2000	7/84	2393	145¼	146¼	−3¼	17.04
Nippon Elec. 2⅞ 2000	2/85	1395	175¼	176¼	0	75.45
Nippon Oil Co. 3 2000	5/85	925	210¼	211¼	+0¼	−0.92
OKI Elec. Ind. 3½ 99	10/84	385	151¼	152¼	−0⅛	0.46
Sanwa Bank 2¼ 00	10/85	1486	134	135	−0⅝	2.52
Sekisui House 3 99	6/84	612	284½	285½	+1¼	−1.43
Sumitomo Bank 2¼ 2000	8/85	2142	130¼	131¼	−0⅞	1.46
Sumitomo Corpn. 2⅞ 99	3/84	593	249¼	250¼	−1¼	8.05
Taiyo Yuden 3¼ 2000	3/85	1078	†142	143	−1	−2.99
Toshiba Ceramics 3 2000	4/85	1734	133½	134½	−1	−3.31
Nippon Oil Co. 2⅛ 92 SFr	3/84	1052	†144	144½	−1	3.82
Nippon Shinpan 2 92 SFr	3/84	801	†207	207½	−1	11.31
Asics 5 92 DM	12/83	530	159¾	160¾	−0⅝	1.35
Renown 3⅛ 90 DM	3/85	675	153¼	154½	+0⅝	−2.38

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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UK COMPANY NEWS

New look Rothschild rises sharply to £80m

J. Rothschild Holdings, the investment company yesterday announced that its profits for the 1985-86 year had risen strongly to £80.4m at the pre-tax level.

Analysts had been looking for profits in the region of the £70m the company achieved for the 15 months to March 1985.

Earnings for the year to end-March 1986 amounted to 14.8p, based on profits after tax, and shareholders are to receive a final dividend of 2.8p, making a *net total of 5p. For the 15* months the company paid a total of 5.7p, or 4.56p on an annualised basis. Earnings were 10.1p.

Last March the company, headed by Mr Jacob Rothschild, completed the sale of a 37 per cent stake in L. F. Rothschild Unterberg Towbin Holdings, the New York investment bank for $96m (£65.3m).

Profit on part of the holding was treated as an extraordinary credit amounting to £28.2m. In all, extraordinary credit totalled £34.2m (£61.4m).

Before interest and central overheads, the continuing activities, investment holding, investment dealing and financial services, contributed profits of £96.2m (£63.1m for 15 months). The contribution from investment dealing totalled £65.7m (£40.4m) and that of investment holding £27.3m (£17m).

Profits of £26.5m (£42.3m) were included from now-discontinued activities. These included investment banking (£6.1m, against £2.1m), development capital US (£17.1m, unchanged) and industrial subsidiaries (£3.3m, against £7.2m). The 15-month figures also took in £10.6m from merchant banking.

Central overheads and central interest accounted for £42.3m (£35.3m). Tax took £25.3m (£24.2m), including UK tax of £17.7m (£14.9m).

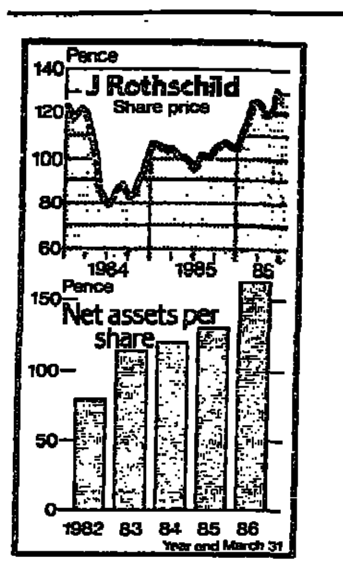
Profits for the year emerged at £105.7m (£143.8m for 15 months) after taking account of minorities, realised gains of £16.9m (£38.4m) from investment holdings, and extraordinary items.

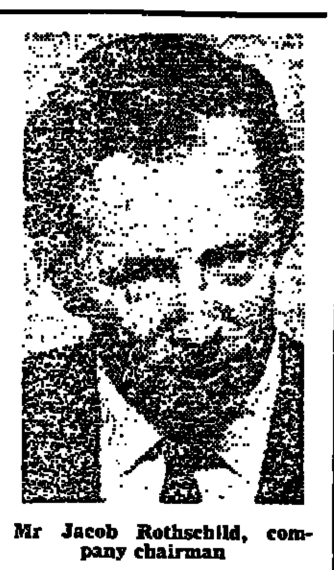
At March 31 1986, unrealised dealing profits amounted to £98m, compared with £45.9m a year earlier, before tax.

Net assets increased by £59.9m in the year, from £543.6m to £603.5m. Net asset value per share was estimated by the directors at 163.5p, against 125.2p.

The assets figure was after taking account of the £70.6m purchase by the company of 66.7m of its own shares for cancellation.

See Lex





Mr Jacob Rothschild, company chairman

Rights issue would fund Allied bid for Hiram

By David Goodhart

Sir Derrick Holden-Brown, chairman of Allied-Lyons, told the company's AGM yesterday that if the C$2.6bn bid for the Hiram Walker Resources drinks business went ahead it would be paid for partly through a rights issue.

He added that he would like any such rights issue to be as small as possible but did not rule out an element of vendor placing saying that "it may be of benefit to all shareholders to have some shares on the market in Canada."

The original agreed bid between Allied Lyons and Hiram Walker Resources was complicated when Hiram was taken-over by Gulf Canada which is seeking to block the deal in the courts.

Sir Derrick said: "The new owners of Hiram Walker Resources have announced that they will use their best efforts to resolve the situation as early as possible and certainly by the end of September. I remain confident that we shall acquire Hiram Walker-Gooderham & Worts and that it is very much in the interests of shareholders and of Hiram Walker that we should do so."

Turning to the £1.8bn bid for Allied by Elders IXL, the Australian brewing and financial group, the chairman said that it might not be until the end of September before it was known whether the bid could proceed. The Monopolies and Mergers Commission has to present its report by September 4 and the Secretary of State for Trade and Industry may then take three or four weeks before announcing his decision.

Answering questions from shareholders Sir Derrick said it should be known in two or three weeks time whether the brewing industry would face another MMC enquiry into the system of tied houses. "The system as it is works well and we will do our best to keep it," he said.

On the current year's trading he said that the company had made a good start in all divisions "and I am confident that we are on course for another successful year."

Canadian government delays bid decision. See page 35

Excellent start for Sainsbury

J. Sainsbury had made an excellent start to the current year, Sir John Sainsbury, the chairman of Britain's largest food and drinks supermarket chain, told the annual meeting.

In the past three months the group had further increased its market share, as measured by an independent market research agency. Prospects were good and Sir John said he looked forward to another record year.

In the year ended March 22, 1986, group pre-tax profits climbed from £156.4m to £192.7m, on sales, including Vat, up 14 per cent at £3.58bn. Earnings per 25p share were 18.23p (15.61p).

Sir John said that real growth in earnings per share over the past 10 years was 20.6 per cent per annum.

Music Sales drops its bid for Boosey & Hawkes

BY LIONEL BARBER

Music Sales, a private British sheet-music publisher headed by American-born Mr Robert Wise, has dropped its proposals for a £9.8m takeover of **Boosey & Hawkes**, the music publishing and instruments business.

The withdrawal comes after strong opposition from the Boosey board and Carl Fischer, the private US publisher which recently raised its stake in Boosey to 50.1 per cent.

Mr Alan Capper, a director of Granard Communications, public relations adviser to Music Saels, said last night that his client was still interested in acquiring Boosey. But he conceded that the Boosey board had won a breathing space after last month's stormy annual general meeting when a recovery programme for the group was outlined to shareholders.

Bankers Trust, merchant bank advisers to Music Sales, said yesterday that shareholders representing 41.7 per cent of the ordinary Boosey shares had declared themselves in favour of immediate discussions between Boosey, Carl Fischer and Music Sales.

It added that Barclays Merchant Bank, advising Carl Fischer, had indicated that its client was not prepared to sell.

Music Sales, proposed 250p per share offer was conditional on the agreement of the Boosey board.

David Churchill on Barker and Dobson's bid for Budgen

Getting back among the groceries

THE LURE of supermarket retailing yesterday proved too strong for Mr John Fletcher, chairman of the Barker and Dobson confectionery company.

His surprise acquisition of the 148-strong Budgen's supermarket chain from Booker in an £80m deal brings him back to the business he knows best: selling groceries.

Two years ago, he left one of Britain's biggest food retailers—the Asda superstores chain—following a bitter boardroom row.

After an abortive attempt to get back into retailing via the Cullen's convenience store chain, Mr Fletcher last year was headhunted into Barker's to try to save this famous—but ailing—sweet manufacturer whose financial performance was decaying rapidly.

Barker's problems were even worse than Mr Fletcher first thought: pre-tax losses for 1985 (ending December 28) rose to £7.5m from £2.8m the year before.

The company was even forced to repay Guinness some £2.7m out of the original £7.5m it paid for Barker's loss-making Lewis Meeson retail news agency chain because the Meeson problems were even worse than anticipated.

But yesterday Mr Fletcher—apparently untroubled by Barker's dismal track record—was able to pull off a deal surprising even by the standards set by some of the mega-mergers of recent months in the retail world.

When Barker's share dealings were suspended on Tuesday the company was valued at about £47m. Yet in its second rights issue in a little over six months, Barker is raising almost £70m to help fund the £80m cash acquisition of the Budgen chain. "It takes a lot of nerve to do that," said one retail analyst admiringly yesterday.

Mr Fletcher, 43, has never been short of nerve. An ex-Harvard Business School graduate, he was one of the bunch of ambitious young turks at Oriel Foods in the second half of the 1970s, a contemporary of Mr James Gulliver who has become one of the leading retail entrepreneurs of the 1980s.

In 1981 he joined Asda stores and masterminded the superstore chain's ambitious drive away from its northern base towards the more lucrative south-eastern grocery market.

However, his reportedly assertive style led to internal conflict about the direction Asda should take and he abruptly left the company in May 1984.

Subsequently, Mr Fletcher considered a number of other retailing opportunities, notably an attempt to acquire the Cullen's grocery chain. In May last year, however, he re-surfaced at Barker and Dobson as chairman and chief executive.

Barker and Dobson is a well-established confectioner — founded in 1834 — selling a wide range of sweets under different brand names. Hacks and Victory V lozenges are two of its most well-known products.

But the UK confectionery business—with annual sales worth some £800m—is a mature industry as Britain has one of the highest per capita levels of confectionery consumption in the world.

Although Barker had struggled to remain competitive in this market, it was an uphill task and by the beginning of last year the company was slipping deeper into financial difficulties.

Part of the problem was the 150-strong Lewis Meeson confectionery, tobacco, and news-agency chain which was running out of control.

Guinness, which is expanding rapidly into convenience store retailing, took over the chain last summer, and then sought a partial repayment of the buying price when its position was found by the auditors to be much worse than at first thought.

After Meeson was sold, Mr Fletcher's strategy was to tighten controls on the confectionery business and improve the marketing and sales effort. He brought in a number of new executives, including Mr Rod Bishop from Adams Foods and Mr Richard Anderson from Asda.

To improve the efficiency of the confectionery operations, Barker bought last December the James Keiller preservatives and confectionery group. Assets here included some very modern sweet-manufacturing machinery which was not being fully utilised.

Mr Fletcher said yesterday that "a significant turnaround has been achieved in the first half of the year." He forecast that, barring unforeseen circumstances, the company should achieve a pre-tax profit of about £400,000 in the first half of the current year, ending July 11 in comparison with a pre-tax loss of £870,000 for the equivalent trading operations in the first half of last year.

But Mr Fletcher is clearly a man in a hurry. Not content to wait and see if the confectionery operation remains on the road to recovery, he became anxious to diversify Barker away from its dependence on the sweet business.

His retail experience has made him well aware of the market opportunities still available in food retailing.

ples' strategy of building large superstores, often away from the High Street, had left many shoppers—unable or unwilling to shop in superstores—still keen to buy from traditional small High Street supermarkets.

The potential of this market has already been exploited by Mr James Gulliver's Argyll Group and Mr Alec Monk's Dee Corporation, but Mr Fletcher believes there is room for other operators in this market.

Mr Fletcher, who is widely regarded as a very ambitious man, is unlikely to wait too long before seeking further retail acquisitions.

But even with the support of a number of leading City institutions, he may have to wait until the Barker recovery has become more firmly established before making his next move.

Mr John Fletcher, chairman of Barker and Dobson, pictured at the company's Bury plant in Lancashire.

Associated Furniture chief leaves

By Lionel Barber

Mr Alan Arnold, chairman of Associated Furniture Holdings, a company acquired by the Black Arrow Group earlier this year, has "ceased to be employed by the group," according to Black Arrow.

Black Arrow withdrew its original offer for Associated following an accountant's report and, instead, acquired the 50.8 per cent in the company held by Alan and Dianne Arnold for £76,878.

Nobody at Black Arrow was available yesterday to explain the sudden departure of Mr Arnold—which took effect on June 30. He has been replaced by Mr Arnold Edward, the Black Arrow chairman.

Towngrade buy

Towngrade Securities is acquiring Legious (Dyce) for a nominal sum and the assumption of certain liabilities which do not exceed £350,000. Legious is a small private property company, the main asset of which is 16 acres near Aberdeen Airport, recently valued at £750,000.

The purchase is conditional on planning permission being granted for the site on conditions no worse than on a previous permission which has expired by the end of this month.

Globe Investment

Globe Investment Trust is raising £95.4m through the placing of £100m nominal 10 per cent debenture stock dated 2016 at £96.114 per cent. The stock is payable as to £25 on July 7 with the balance on October 24. Interest will be payable half-yearly in March and September.

Hickson purchase

Hickson International offshoot, William Blythe and Co, has acquired the assets of Metals and Ores, a Worcestershire-based processor of zinc residues, for £433,000 in cash. Metals and Ores, which has an annual turnover of £1.75m, has been and important supplier to William Blythe for many years.

Rise in value of Lloyds' Standard Chartered bid

BY DAVID LASCELLES, BANKING CORRESPONDENT

Lloyds Bank yesterday valued its revised basic offer for **Standard Chartered** at 834p per share, compared to 819p when the offer was announced last Friday. The alternative offer is valued at 855p, up from the 822p originally announced.

The valuations have changed because of variations in the price of the convertible and ordinary shares being offered. The alternative offer has a larger ordinary share and cash component. Both valuations are based on Lloyd's share price of 390p on June 30 and a value for the convertible share of 105.5p, as advised by Hoare Sovett its stockbrokers.

However, Standard Chartered yesterday claimed that the basic offer was worth 810p and the alternative 831½p, principally because the bank has been advised by its stockbrokers, Cazenove, that the convertible share is worth only 100p.

Under Lloyd's new valuation of its basic offer, the bid puts a total price on Standard Chartered of £1.31bn.

Jayplant pays £3.6m for Starvillas

Agreement has been reached on the principal term of **Jayplant's** acquisition of **Starvillas**. Heads of agreement have been signed for the purchase of a consideration of £3.6m.

The agreement will contain a warranty that the pre-tax profits of Starvillas for the year to October 31 1986 will be not less than £550,000.

Mr D. Barker, the chief executive of Starvillas will enter into a five-year service agreement with that company on completion, at an annual salary of £60,000.

Tibbett share allocations

THE OFFER for sale by **Tibbett & Britten**, transport and distribution group, was oversubscribed 12.4 times. Preferential applications were received from 117 members of management and staff in respect of 267,700 shares and these have been met in full.

The remainder will be allocated as follows: applications for 300 to 700—weighted ballot for 100; 800 to 1,500—100; 2,000 to 2,500—150, 3,000—200; 3,500—250; 4,000 to 4,500—300; 5,000—350; 6,000—400; 7,000—500; 8,000—550; 9,000—600; 10,000 and over—7 per cent of shares applied for.

Tibbett, which specialises in retail clothing distribution, was selling 9.14m shares of 5p each at 120p, raising £6.9m of new capital and valuing the company at £31.5m.

MARLEY has received around 90 per cent acceptances for its $94m (£62.6m) tender offer for General Shale Products Corporation. The offer has been extended until tomorrow.

Decline in US visitors bites into THF profits

LOWER INTERIM pre-tax profits of £36.1m were announced by Trusthouse Forte yesterday. This was £3m below the £39.2m achieved last time, and well below City analysts' expectations of around £46m. The company's shares fell 6p on the news, to close at 168p.

In addition to the shortfall in profits from property disposals and trade investments—£5.7m down this time—the directors stated that the well-publicised reduction in visitors from the US had affected hotels in London, Paris and other European cities.

Trusthouse estimated that the fall-off in overseas visitors probably cost it profits of between £3m and £5m over the half year.

American business alone was some 30 per cent down on the same period last year. Bookings were currently showing some slight pick-up but the group was not banking on any major recovery until next year.

Nevertheless Mr Rocco Forte, the chief executive, described the outlook for the group as a whole this year as reasonable. "Once the American problem is sorted out we will be back on track," he said.

However, the broad base of the company's business had increased during the first half they said, and sales for the period to April 30 1986 rose by 9.5 per cent to £604.6m (£553m).

They added that current trading showed a continuation of these trends, and while the trading profit for the year would be below earlier anticipation it would show good progress against last year. The company earns the greater part of profits in the second half.

Although earnings this time came out lower at 3.1p (3.6p), the directors are lifting the interim dividend from 1.27p to 1.33p. A total of 5.45p was paid in 1984-85 when pre-tax profits reached a record £129.6m.

Operating costs this time took a higher £537.4m (£488.9m) and after depreciation of £22.5m (£20.9m), trading profits rose from £42.1m to £44.7m.

A breakdown of trading profits showed hotels ahead at £37.5m (£34.3m) and the catering side up from £6.3m to £7.8m.

Miscellaneous and central costs took £0.6m this time against a credit of £0.6m. A restatement of the 1985 results at the then rate of exchange added £0.9m last time.

The pre-tax result was after interest charges of £13.5m (£12.7m) and the lower surplus of £0.8m (£6.5m) on disposals of property and trade investments. There was also a £4.1m (£3.3m) share of profits of a subsidiary not consolidated.

Tax for the half year increased to £11m (£10.7m), and after minorities of £0.6m (same) attributable profits came out £3.4m lower at £24.5m.

Pearson prepares bid defence

BY CHARLES BATCHELOR

Pearson, the industrial, banking and publishing group which owns the Financial Times, is prepared its defences against a possible hostile takeover bid.

Pearson has been the subject of continuous bid speculation in the stock market in recent months. This has helped push the Pearson share price 60p higher since January to 385p yesterday. At this level the group has a market valuation of £1.15bn.

The defensive measures include the assembling of team of financial advisers, the close monitoring of changes in the company's share register and a watch on the trading volumes of its shares on the London Stock Exchange.

Mr James Joll, finance director, said: "We have not just sat there and done nothing. It is not as though this has come as a great surprise. We have a good team of advisers in place and briefed."

Mr Joll declined to name the defence team though Lazard Brothers, Pearson's UK merchant banking arm and its regular adviser, would appear to be excluded because of a potential conflict of interest.

This would not apply however to Lazard Freres & Co, the US investment bank in which Pearson has a minority stake.

The company has been keeping close watch on changes in its share register though delays in recording changes mean the register may be up to three or four weeks out of date.

It regularly requests nominee companies to disclose the identity of the ultimate shareholder. The most recent checks have revealed the owners of all bar a small percentage of the significant nominee holdings, Mr Joll said.

To overcome the time lag in registering new owners the company has also been closely watching trading volumes of its shares. In the last full account, ending last Friday, turnover was "quite modest" amounting to less than 1 per cent of the company's shares, Mr Joll added.

"Clearly there has been persistent buying, and a limited number of brokers were noticed buying earlier in the year. We regard that as significant and not to be ignored," he said.

The three-way partnership formed in May 1984 between Lazard Brothers and Lazard Freres in New York and Paris could also form a disincentive to possible bidders. Any of the three parties has the right to seek a divorce from 1989 if it objected to the way the partnership was developing, including possibly a change in ownership at Pearson.

The possibility of the Bank of England objecting to a change in the ownership of Lazard Brothers is less clear cut. Pearson has a 50 per cent stake in the ordinary shares of Lazard Brothers through its half share in Lazard Brothers Limited Partnership of the US but it might be questioned whether this amounted to control, Mr Joll said. "This is an issue to be considered carefully," he added.

Pearson's ownership of the Financial Times might place obstacles in the way of another British newspaper proprietor who would face a mandatory reference to the Monopolies and Mergers Commission.

The roll call of those named in speculation as potential bidders has included Mr Robert Maxwell, publisher of the Daily Mirror, Mr Alfred Taubman, the US property multi-millionaire and Mr Saul Steinberg, the Wall Street financier.

The Cowdray family and their close associates have a 20-25 per cent stake in Pearson.

COMPANY NEWS IN BRIEF

ARAN ENERGY oil and gas exploration and production, improved its pre-tax profits from I£270,000 to I£2.5m in 1985 on turnover up from £27.07m to £31.66m. Tax took £1.45m (£174,000), and there was an extraordinary debit — principally deferred exploration costs —of £15m. Arra is an unquoted company.

PENTLAND INDUSTRIES' shareholders were told at the annual meeting that trading for the opening half had been significantly higher than in the comparable period last year. It would be reflected in excellent interim figures, which would be announced on August 28.

TRANWOOD GROUP, Mr Nick Oppenheim's "shell" company which has launched an £89m takeover bid for Aitken Hume said yesterday it spoke for 36.85 per cent of Aitken equity, marginally more than the figure it announced on June 26. Tranwood has valid acceptances from the owners of 31.77 per cent of Aitken, and acceptances which it cannot yet count as valid from a further 3.85 per cent. It owns a further 1.22 per cent.

YEARLING BONDS totalling £1.35m at 9⅞ per cent, redeemable on July 8 1987, have been issued by the following local authorities — Dwyfor District Council £0.5m; Alnwick DC £0.1m; Bedfordshire County Council £0.75m.

Glen stake in US healthcare business

By Lionel Barber

Glen International, the financial services group headed by Mr Terry Ramsden, has bought a 25 per cent stake in Superior Care, a US home health care business, at a cost of around £10m.

Glen has bought 7½m shares at a prise of $2 a share following Superior Care's acquisition of Kimberley Services Inc, a home health care organisation with 75 offices in the US and Canada.

Superior Care bought Kimberley for $23m (£15.3m) from Pritchard Services Grou from Pritchard Services Group of America, the US arm of the UK cleaning group acquired by Hawley Group last month.

Glen is helping to finance the deal through a subscription to Superior Care shares by its wholly-owned subsidiary, Glen Corporate Finance. Mr Ramsden is to join the Superior Care board.

PWS acquisition

PWS International, the listed Lloyd's insurance broking group, is to acquire Lyon Holdings for £928,000 in cash. The deal is subject to Lloyd's approval.

PWS intends to retain Lyon's Lloyd's broking subsidiary, Lyon Traill Attenborough, but will dispose of the life and pensions and the direct UK non-life business, together with the building lease, for a total cash sum of £400,000 to Windsor Securities (Holdings).

Windsor will acquire Lyon Jago Webb, a Lloyd's broker specialising in UK non-marine insurance, and Lyon Lohr (Life & Pensions), a non-Lloyd's broker specialising in the life and pensions market. The deal is subject to completion of the PWS purchase and Lloyd's approval.

Scott Greenham

Scott Greenham Group, a specialist heavy lifting and access services company, has acquired Andover Group, an access equipment concern which is an approved supplier to the Ministry of Defence.

The initial consideration is £1.2m in cash, with a further amount, up to a maximum of £450,000, payable if pre-tax profits amount to £300,000 in the year ended March 31 1987. Profits before tax and exceptional costs were £178,000 in the 12 months ended March 1986 on turnover of £4.95m.

Bees Transport

The management team of Bees Transport have bought out their company from Lex Service in a £2.5m cash deal. In January this year Lex made a strategic decision to divest itself of its transport activities.

Charles Batchelor looks at Dixons' failed offer for Woolworth

Bid euphoria may be on the wane

THE FAILURE yesterday of Dixons' £1.8bn takeover bid for Woolworth Holdings marks not just a setback for the ambitions of Dixons' chairman, Mr Stanley Kalms. It could signal a watershed in five years of frantic bid activity in the City.

Managers of the pension funds, insurance companies and merchant banks who decided the fate of the Dixons bid were reluctant to draw sweeping conclusions from the outcome of the bid. But several did acknowledge that bid euphoria may be on the wane.

Coming less than a week after the failure of a far smaller bid —the £220m offer from engineering group Siebe for APV Holdings — the Dixons setback indicates the traditional advantage enjoyed by bidders in takeover campaigns may be weakening.

Relatively few of the hundreds of contested takeover bids launched in the past few years have ended in the target company maintaining its independence. Woolworth and APV joined a select band which includes Extel, the information group, and Waddington, the games and packaging company.

The key factors which persuaded fund managers to vote the way they did (see table) were:

● A marked reduction in the number of companies vulnerable to a bid. The years of bid activity have removed many of the more obvious candidates from the stage. Those that are left have been working hard to improve their defences.

Mr Robert Nunneley, chairman of Robert Fleming Investment Management, said: "The arguments for making takeovers have to be that much better and the bids are more likely to fail. Takeover bids are becoming harder to justify."

● A sense that the recent spate of mergers has led to a marked reduction in the investment options open to fund managers. The stock market still numbers a broad range of retailing stocks, and new companies—in retailing and other sectors—are coming to market at an unprecedented rate.

Nevertheless some investment managers feel that in one or two major sectors the concentration may be reaching its limits.

If Dixons had absorbed Woolworth, investors might have gained from a vastly more successful Woolworth chain. But if Mr Kalms' plans had gone wrong the market ratings of both companies might have been adversely affected.

One fund manager commented: "We stayed with Woolworth because we didn't want to run the risk of spoiling our Dixons' holding as well. We didn't want all our eggs to be in one basket. Dixon's didn't persuade us it was worth the risk.

● Concern that size was not a guarantee of success and the unimpressive stock market performance of some of the recently merged groups. In the retail sector Storehouse, which resulted from a merger of Habitat Mothercare and British Home Stores, has fallen from favour.

● Loyalty. Most fund managers dismissed the idea that the fact that many had installed the current management 3½ years ago meant it could automatically count on their backing. "If loyalty came into it at all it was loyalty based on prospect," commented one.

Mr Kalms himself was also sceptical. "If loyalty is a new factor in the City then we have to recognise that," he said. "But it should be about being objective."

In spite of these denials — and fund managers will have to justify their decision to their trustees — loyalty did play a role.

If Woolworth's management team, headed by Mr Geoff Mulcahy, the chief executive, had manifestly failed to perform, few if any of the institutions which backed the original Paternoster Group buy-out wold have felt any obligation to stick with it.

The fact that Woolworth did exceed the forecasts made in 1982 meant they could put forward hard financial arguments and at the same time comfort themselves they were continuing to back the men they put in.

If Woolworths had lost its independence the belief held by many of the City's critics that the institutions were interested only in short-term performance, would have been strengthened.

● The unusual decision by some key investment managers to declare their support for Woolworth at a relatively early stage in the bid. Robert Fleming's vote of confidence in Woolworth was crucial in swaying some of the smaller institutions. "People like to be on the winning side," said S. G. Warburg, Dixon's merchant banking adviser.

"There did't seem any point in keeping people on tenterhooks," said an unrepentant Mr Nunneley. "We thought it would help Woolworth. I don't think this is likely to become widespread though. Woolworth was a special case."

● The financial arguments. When all the other factors are taken into account, most institutions took the view that Dixons was not offering enough for a business which many analysts felt had good potential.

"If Dixons had offered £10 it might have tipped the bid in its favour," said one fund manager. "But if they had gone to that level I would have started worrying even more about Dixons own financial position."

Mr Stanley Kalms (left) chairman of Dixons, and Mr Geoffrey Mulcahy, chief executive of Woolworth

HOW THE INSTITUTIONS VOTED

MAJOR INSTITUTIONAL INVESTORS IN WOOLWORTH HOLDINGS

Institution	Holding %	Supported Woolworth board?
Mercury Warburg Investment Management	13	No
Robert Fleming Investment Management	10	Yes
Prudential Assurance	8	Yes
Merchant Navy Officers Pension Fund	4.7	Yes
Charterhouse Group	3.1	Yes
Scottish Widows	1.7	?
Legal & General	1.7	?
Co-operative Insurance Society (Manchester)	1.55	Yes
British Gas Pension Fund	1.4	?
Barings Investment Management	1.4	Yes

Robert Fleming and Charterhouse have declared their position. Other institutions are believed to have voted the way indicated.

Dobson Park sale

The Jardine & Smith electrical contracting business, part of Dobson Park Industries' wholly-owned subsidiary, Dobson Park Engineering, has been sold to a consortium of Jardine's senior management for £166,000. Turnover of the business for the year to September 28 1985 was £1.34m and profits, before interest and tax, were £20,000.

DIVIDENDS ANNOUNCED

Allied Textiles ......int	3	Oct 2	2*	—	6.5*
Hollas Group	†1.1	Oct 1	1	2.2	2
Microgen ....int	†2	Aug 8	1.5	—	4.5
Oceana Development ...	†1.7	—	3.9	1.7	3.9
J. Rothschild	2.8	Aug 22	1.2	5	¶5.7
THF ....int	1.33	Oct 1	1.27	—	5.45
Turnbull Scott	6	—	6	9	9

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ For 15 months.

BOARD MEETINGS

held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: A. F. Bulgin, Hambro Currency Distributor Fund, Lonrho, Willoughby's Consolidated.

Finals: Daejan, Davy, Elswick-Hopper, Robertson Research, Rotaprint, Alexander Russel.

FUTURE DATES...

Interims—	
Fleming Overseas Invest. Tst.	July 8
Kleinwort Benson Lonsdale ...	Aug 6
Midland Bank	July 31
Tribune Investment Trust	July 10
Finals—	
Cambium Venture Capital	July 11
Ellis and Everard	July 14
Herrburger Brooks	Aug 20
Menvier-Swain	July 17
Symonds Engineerings	July 10
Unitech	Aug 5

Alice Rawsthorn on the lure of the London SE for US companies

Undeterred by Mrs Fields

AFTER THE failure of Mrs Fields's flotation, which left 84 per cent of the US cookie company's shares in the hands of the underwriters, the outlook for US companies seeking a quotation on the London market seemed bleak.

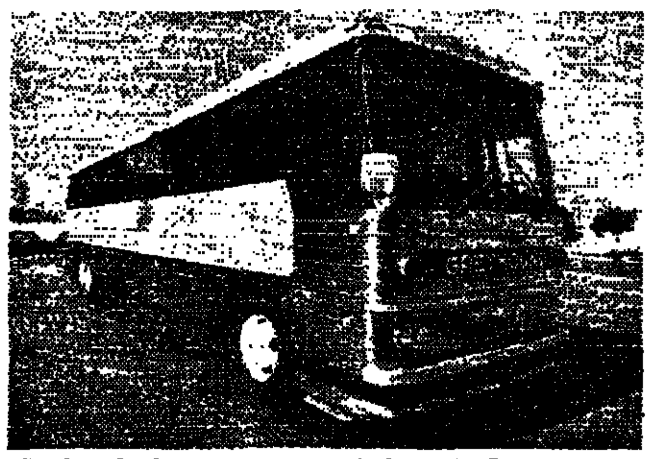
Yet Borland, the Californian software house, which came to the USM within a month of Mrs Fields, sailed effortlessly on to the market and when dealings began yesterday the company's shares shot up to an immediate premium of 13p to 138p.

"After Mrs Fields there was some paranoia. People did begin to suspect that US companies would be deterred from coming to the London market," said Mr Nicholas Knight, equities strategist at stockbrokers, James Capel.

"But Borland has shown that the Mrs Fields failure was a fluke. The new issues market, particularly the market for overseas companies, is simply cyclical. There is a definite attraction for US companies to come to the London market. But they become greedy, the prices get higher and higher until, like Mrs Fields, an issue flops. Then the prices come down—as the price did with Borland—and the cycle starts all over again."

Technically overseas companies, including US companies, have always been able to seek quotations on the London market, whether by introduction, placing, or offer for sale. The first US company to do so—the Celanese Corporation, one of the largest chemicals manufacturers in the US—came to the London Stock Exchange through an introduction in 1940.

Most of the 192 US companies now quoted on the London market have followed the Celanese route and have opted for an introduction, thereby adding a London quotation to their existing New York listing.



Greyhound: the most recent arrival on the London Stock Exchange.

Mrs Debra Fields, president and chief executive of Mrs Fields

Greyhound, the bus company, is the most recent introduction, dealings in its shares began in London earlier this week.

But since the creation of the USM in 1981 an increasing number of US companies have chosen to go public in London, rather than in New York, through offers for sale.

Flotations in London have always been cheaper than in New York. Underwriting absorbs an average of 5 per cent of the capital raised in a US flotation, yet just 2 per cent in London. Yet the USM has created a more accessible market for US companies than either the New York Stock Exchange, or the main market in London.

The USM imposes less stringent standards of disclosure than the main market, demands a three- rather than five-year profit record and enables companies to release a lower proportion, as little as 15 per cent, of their equity.

Thus Borland could come to the USM with its three-year profit record and Mrs Fields's founders could issue just 20 per cent of their shares. Yet as the reaction to the Mrs Fields's flotation showed, the City is suspicious of US companies which come to the London market simply because it is cheaper and more accessible.

"There is no evidence to suggest that a London fund manager would be any more suspicious of a US new issue than one which is based in the UK," said Mr Knight. "After all the professional investor is interested in the bottom line, not in an issue's country of origin."

"Nonetheless US companies are in a sensitive position. If the market has any reason to be circumspect about an overseas company, it is likely to be much less tolerant than it would be to a UK issue."

Many US companies have bona fide reasons for coming to the London market. International Signals Holdings, for example, did so because, as a defence supplier, the standards of disclosure imposed in the US were too stringent.

Mrs Fields, by contrast, simply bandied about a great deal of rhetoric about London being at the centre of the international securities markets of the future.

Once the flotation is completed the position of London-quoted US companies is no less sensitive. Lexicon, the US-based manufacturer of digital audio equipment, for example, came to the stock market in the autumn of last year and suspended its shares in February.

Lexicon's 1985-86 and 1986-87 profits would be reduced substantially because of the failure of one of its products. The company's business base was sound and its balance sheet healthy, yet the board decided to suspend the shares in February and, earlier this month, unveiled a complex reimbursement package to "compensate" shareholders for the fall in profits by effectively repaying 34 per cent of their original investment.

"We realised that as a US company we were in a sensitive position," said Mr Ronald Noonan, Lexicon's president and chief executive. "Had we been a UK company we may not have decided to suspend our shares and we certainly would not have felt the need to reimburse our shareholders so highly. But by coming to the London market we accepted that we would be something of a special case."

Public Works Loan Board rates

Effective July 2

Years	Quota loans repaid by EIP† %	Quota loans repaid A‡ %	Quota loans repaid at maturity§ %	Non-quota loans A* repaid by EIP† %	Non-quota loans A* A‡ %	Non-quota loans A* repaid at maturity§ %
1	—	—	9½	—	—	10½
Over 1 up to 2	9⅞	9¼	9¼	10⅛	10⅛	10
Over 2 up to 3	9¼	9¼	9¼	10⅛	10⅛	10
Over 3 up to 4	9¼	9¼	9¼	10¼	10¼	9⅞
Over 4 up to 5	9¼	9¼	9¼	10¼	10¼	9⅞
Over 5 up to 6	9¼	9¼	9¼	9⅞	9⅞	9⅞
Over 6 up to 7	9¼	9¼	9¼	9⅞	9⅞	9⅞
Over 7 up to 8	9¼	9¼	9⅜	9⅞	9⅞	9⅞
Over 8 up to 9	9¼	9¼	9¼	9⅞	9⅞	10
Over 9 up to 10	9¼	9¼	9¼	9⅞	9⅞	10
Over 10 up to 15	9⅜	9¼	9¼	9⅞	10	10
Over 15 up to 25	9½	9¼	9¼	10	10	10
Over 25	9¼	9¼	9¼	10	10	10

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Allied Textile advances to £3.1m

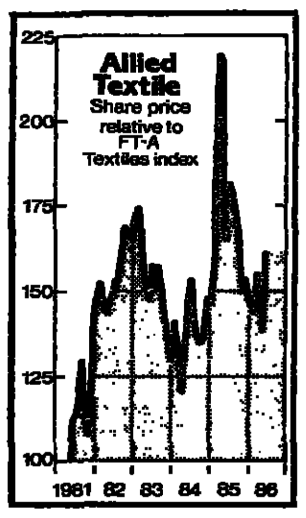
Allied Textile Companies, the diversified Huddersfield-based textiles group, raised pre-tax profits to £3.1m for the six months to March 31 1986. This compared with a reported £1.83m, or £2.75m on a merger accounting basis following the acquisition of Mayfield group in June 1985.

The directors said trading continued to be generally satisfactory and the company expected "to build further upon its established record of solid progress."

Last month, the company failed in its bid, worth £7.8m, to acquire Berisfords, the 128-year-old family ribbon manufacturer, based in Congleton, Cheshire.

Allied, which fended off a £44m hostile bid from London and Midland Industrials last year had a cash pile of around £20m before the Berisfords offer.

Turnover increased to £28.05m, against a reported £15.81m or £26.52m on a merger basis. Tax charge was £1.16m (£777,000 reported and



£1.17m merger basis). The interim dividend is in effect raised from an adjusted 2p to 3p net to reduce disparity—last year's total was an equivalent 6.5p on reported pre-tax profits of £6.39m.

During the six months, unrealised gains on financial investments not credited to group results increased from £2.3m at September 30, 1985 to £2.7m.

The directors reported that further progress was made

● **comment**

Net cash and investments of £23m, 105p a share, could make any company the centre of bid speculation and in the past two years Allied has duly beaten off a predator (LMI) and failed to catch its prey, in the form of Berisfords. The takeover that did come off, Mayfield, has helped Allied announce pre-tax profits up 70 per cent, although on a merger basis, the increase is in the order of 13 per cent. Margins inched up to 11 per cent as Allied has concentrated on the higher added value products for customers like luxury coaches and BR's Pullman trains and the group can point with pride to the fact that they were able to increase dividends by over 50 per cent, on top of the 80 per cent increase paid during last year's LMI bid. Profits of £7.25m look achievable putting the shares at 335p, up 10p, on a p/e of 15.5 but the market will be most interested in guessing the next bid target to fall under the shadow of the Allied cash mountain.

Microgen rises by 37% and plans acquisitions

Microgen Holdings showed further strong growth in the opening six months of the 1985-86 year with a profits advance of 37 per cent at the pre-tax level.

Furthermore, the underlying businesses have recommenced their growth patterns now that the integration of Eurocom has been completed. The cost savings resulting from this will continue to flow to profits.

The directors are pursuing a policy of acquisition within the field of specialised computer output services. They said yesterday that they were confident that the results for the full year would confirm the group's record of consistent growth.

The first six months to April 30 1986 saw turnover push ahead from £11.26m to £12.47m and profits by £900,000 to £3.35m pre-tax.

Earnings worked through at 11.3p (8.1p) and the interim dividend is being lifted by 0.5p to 2p net per 5p share.

Tax accounted for £1.23m (£932,000) and minorities for £37,000 (£20,000). There were also extraordinary charges this time of £20,000.

Microgen, based in Hertfordshire, is engaged in computer bureau services. It has recently established a new bureau in F. W. Woolworth's computer centre near Manchester to meet the company's laser printing needs and has also opened a bureau at Mainz, West Germany, to provide the Deutsche Bau-Und Bodenbank with extensive COM services.

The directors said that both of these arrangements were based on long-term contracts and would enable the group to extend its bureau services into new geographic areas.

Adjustments have been made to the first half results of 1984-85.

● **comment**

Microgen has not been popular with those investors who fear that the coming of optical disc storage will put microfilm companies out of business. But optical discs are designed to carry large amounts of data and with an average invoice size of under £30 and average turnover per client of round £4,000 pa, it seems unlikely that Microgen's cosy niche will be threatened. Eurocom, bought from NatWest in September 1984 has now been absorbed and the resultant cost savings have enabled profits growth to more than treble that of turnover. Margins, although already a healthy 27 per cent, have room to climb to the 30 per cent plus achieved before the Eurocom acquisitions. With around 55 per cent of the UK bureau market, Microgen may look to expand its overseas business from the West German and Scandinavian base that already accounts for some 40 per cent of turnover. With Scan Laser growing in line with the rest of the group, profits of £7m look feasible this year which on a 37 per cent tax charge puts the shares at 413p, up 8p, on a prospective p/e of 17. That may look demanding but the growth record justifies it.

Turnbull Scott profits plunge to £87,000

PRE-TAX PROFITS at Turnbull Scott Holdings, ship owner and engineer, fell from a restated £365,000 to £87,000 in the year to March 31 1986. Second-half profits were down from £233,000 to £60,000.

The final dividend is unchanged at 6p for a same-again total of 9p net. Stated earnings per £1 share were 11p, before extraordinary credits, compared with 34p in the previous year.

Group turnover improved from £15.2m to £16.8m. A tax credit of £1.02m (£588,000) was received but there was also a deferred tax charge of £986,000 compared with £608,000. After minorities of £7,000 (£1,000), an extraordinary credit of £111,000 (£75,000) and dividends £91,000 (£90,000), retained profits were down by £200,000 at £129,000.

The group accounted for bare boat charters on its vessels as operating leases since their inception. The charters have characteristics of finance leases as defined in SSAP 21. They were re-stated as finance leases in 1986, and for purposes of comparison the 1985 figures were re-stated on the revised basis. This had the effect of increasing the 1985 profit on ordinary activities before taxation by £230,000.

The tax credit arose following receipt of capital allowances on delivery of mv Stainless Spray. The directors have decided to increase the deferred tax provision which arose from the accelerated use of capital allowances to £1.75m at March 31 1986, by providing a further £1.2m.

Hollas growth continues with 25% rise to £1.4m

THE Hollas Group continued to make progress during the second six months and for 1985-86 as a whole returned profits of £1.41m pre-tax, an improvement of 25 per cent over the previous year's £1.12m.

Turnover of this Manchester-based fabric and garment dealer pushed ahead from £28.04m to £30.65m and generated operating profits of £1.98m, compared with £1.59m.

Earnings improved by 0.7p to 3.3p and the final dividend is being stepped up to 1.1p for a net total 0.2p higher at 2.2p.

The directors said yesterday that the £0.68m purchase of the Peri-Lusta companies last April would ensure continuing growth of the yarns division.

They added that as a result of the acquisition the group had doubled its production facilities.

Interest charges for the past year amounted to £574,000 (£464,000) and tax accounted for £559,000 (£467,000). There were extraordinary debits of £45,000, against previous credits of £23,000.

Vice chairman for Ladbroke

Sir Kenneth Cork, a non-executive director for 13 years, has been appointed vice chairman of LADBROKE GROUP. Mr Greville Janner becomes a non-executive director. Mr Christopher Andrews, group secretary since 1974, has been appointed an executive director. Mr Keith Edelman, strategic business planning and development executive, has been made strategic planning director.

★

Mr Arnold Kemp, editor, Glasgow Herald; Mr George Mckechnie, editor, Evening Times; and Mr Alex Hastie, production director (designate), have joined the board of GEORGE OUTRAM AND CO.

★

LAING'S success in management contracting has prompted the formation of Laing Management Division, under the chairmanship of Mr David Bottom. It comprises two new operating companies, Laing Management Contracting, and J. L. Project Management. Mr Bottom is joint managing director of John Laing Construction. Mr Terry Fleming, a main board director, becomes chairman of both new companies. Mr Peter Gregory, a main board director, becomes deputy chairman and joint managing director of Laing Management Contracting. Mr Philip James has been appointed joint managing director of Laing Management Contracting; and Mr Robin Oram becomes managing director of J. L. Project Management.

Mining man for Kitcat

Mr Michael Coulson, one of the city's leading mining analysts, has joined KITCAT & AITKEN as a director—investment research, to set up a mining finance operation, an area which Kitcat has not been involved in since the late 1960s. Mr Coulson was formerly with Phillips & Drew.

★

NATIONWIDE BUILDING SOCIETY has appointed Mr Brian Whitfield as general manager (market planning). He joins from the Express Foods Group, where he was managing director of Express Creameries.

★

Mr Kevin McMahon has been appointed manpower director of the BRITISH NEWSPAPER PRINTING CORPORATION (SCOTLAND), printer of the Daily Record and Sunday Mail newspapers. He was personnel director, BPCC pre-press division.

★

Mr Hasu Ghelani has been appointed financial director of SIHI-RYALAND PUMPS, Altrincham, part of the Swiss-based international SIHI Group. He is company secretary.

★

Mr R. J. Hodgson has been appointed a deputy managing director of the WILLIAMS LEA GROUP. He is managing director of the group's financial printers Williams Lea and Co.

★

The growth of AIR FRANCE, an operating division of the International Leisure Group, and the formation of Air Europa, a new Spanish airline in which ILG has a 25 per cent interest, has resulted in the creation of a new holding board. Mr Denis Tunnicliffe is to be appointed chief executive. Mr Roy Phillips remains managing director of Air Europe and also becomes deputy chief executive of the new holding board. Mr Tomas Cano has been appointed general manager of Air Europa. He was previously operational director at Hispania.

★

METRONIC SYSTEMS, Salford, has appointed Mr Leonard Hallows as managing director with additional responsibility for product sales and marketing. Mr Paul Jackson has become technical director.

★

Mr Geoffrey Piper has become partner in charge of DELOITTE HASKINS & SELLS Liverpool after six years in charge of Deloitte's Channel Islands offices.

★

ANHEUSER-BUSCH EUROPE has appointed Mr Harry Butler as marketing development director.

Two joining Booker board

Mr Lowell Hoskins and Mr Edward C. Robinson have been appointed to the board of BOOKER as executive directors. Mr Hoskins is president of Arbor Acres Farm Inc. based in Connecticut, the holding company of Booker's US agribusiness interests. Mr Robinson is chief executive of Booker's UK-based agribusiness interests.

★

Mr J. H. Wells has been appointed vice chairman and Mr J. A. Foster has been appointed company secretary of MUNTON & FISON (HOLDINGS). Mr G. Akerman has been appointed export and marketing director of Munton & Fison.

★

GRAMPIAN TELEVISION has appointed Mr Alistair Mair to its board. He is managing director of Caithness Glass.

★

AAH HOLDINGS has appointed, from August 1, to the board of Vestric, pharmaceuticals wholesaling subsidiary, Mr Rees Thomas as operations director; Mr Frank Murphy as administration & services director; and Mr Christopher Rawstron as purchasing director.

★

Mr Gerald Smith has beeen appointed chief executive of CRAMPHORN from July 7. He succeeds Mr Alan Bacon who will continue as the company's chairman until the end of the year.

★

PROCTER & GAMBLE has appointed Mr R. W. Johnson to the board, retaining his responsibilities for marketing services as a member of the company's management committee.

★

RCC FINANCIAL SERVICES has appointed as directors Mr Jeremy Stein and Mr Stuart Houghton; and associate directors Mr Ross Youn[illegible], Mr Matthew Wood and Mr Stu[illegible]t MacDonald. Mr Adrian Quin b[illegible]comes a director and Mr Iain [illegible]cAlister an associate director [illegible]f RCC Insurance Brokers.

★

Mr Patrick Mor[illegible] has been elected chairman a[illegible] managing director of FIRST O[illegible]IONS OF CHICAGO, LTD, L[illegible]don. Mr James Porter, chairm[illegible] of First Options of Chicago, In[illegible] becomes a director, and Mr Juli[illegible] Darrall-Rew a director and [illegible]ompany secretary.

★

Mr Sandy MacGill h[illegible] been appointed sales dire[illegible]r of CENTURY FACTORS, [illegible]t factoring subsidiary of Close Brothers Group. He wa[illegible] commercial manager of [illegible]lock Factors.

★

Mr Geoffrey F. Armitag[illegible] has been appointed a directo[illegible] of LEEDS PERMANENT BU[illegible]D-ING SOCIETY. He succeeds [illegible]r Alfred Schofield who has reti[illegible]d. Mr Armitage is chairman [illegible]d joint managing director [illegible]f George Armitage and Sons.

★

At AMERICAN EXPRES[illegible] EUROPE, London office, M[illegible] John Petersen has bee[illegible] appointed vice president an[illegible] commercial director, responsibl[illegible] for both business partners and consumer marketing. He was vice president marketing and sales, business partners. Mr Chris Chadwick becomes vice president consumer card marketing from director consumer card marketing. Mr Ian Johnson has been appointed vice president finance and planning. He was previously at American Express' finance headquarters for Europe, Middle East and Africa. He succeeds Mr Larry Fuller who is returning to the US.

★

Mr John Coombes has been appointed a director of R. J. TEMPLE & COMPANY (HOLDINGS) which he joined in March. He had been marketing manager (life and finance) for MLA Investment Management.

★

Mr J. R. Anderton has joined the partnership of STERNBERG, THOMAS CLARKE & CO, stockbrokers.

★

Mr P. H. Dunn, a director since May 1978, has become chairman of the NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION, Swindon. He succeeds Mr M. R. King, who has r[illegible]ired as chairman but remain[illegible] on the board. Lord Plumme[illegible] of St Marylebone has retired [illegible]s a director.

★

Mr J[illegible]n Doyle (Atkins Oil & Gas En[illegible]neering), and Mr Tim Murphy of the infrastructure plannin[illegible] division of WS Atkins & Partn[illegible]s, have been promoted to technical directors by WS ATKINS GROUP CONSULTANTS, Epsom.

★

Mr Gareth Genner has been appointed as non-executive director of BERKELEY & HAY HILL INVESTMENTS, representing Sunley Holdings.

★

STOCKLEY has appointed Mr Mark Creedy, formerly an associate partner in the investment department of Richard Ellis, as a property investment and development director.

Reorganisation at Trimoco

TRIMOCO HOLDINGS has been reorganised into four divisions. Car and truck dealerships are to be grouped into two separate divisions covering Ford and General Motors. Mr Ian Jones has been appointed managing director of the Ford [illegible]ivision. Joining him on the [illegible]rimoco board is Mr Don [illegible]right, who will continue as [illegible]anaging director of Trimoco's [illegible]rd operations in Yorkshire. [illegible]uxhall, Opel and Bedford [illegible]ail activities constitute the [illegible] GM division headed by Mr S[illegible] Clarke, who becomes m[illegible]aging director.

[illegible] Nick Brown has been ap[illegible]inted to the new post of ma[illegible]ging director of the all-ma[illegible] car and commercial vehi[illegible]e contract hire and leasing [illegible]usiness. Mr Harold Barber bec[illegible]es managing director of the [illegible]ach and vehicle engineering [illegible]ision. Chief executive Mr Bria[illegible] Courtenay has retired. Grou[illegible] finance director Mr Keith Hill [illegible]l now assume the additional [illegible]role of group general manag[illegible].

★

Mr [illegible]rick Carr, former vice preside[illegible] of Andry Montgomery UK I[illegible]rnational, has joined CROWN EXHIBITIONS AND CONFE[illegible]NCES as deputy managi[illegible] director.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industr[illegible]l production, manufacturing output (1980=100); engineering or[illegible]rs (1980=100); retail sales volume (1980=100); retail sales value [illegible]980=100); registered unemployment (excluding school leavers) a[illegible] unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1985							
1st qtr.	106.5	103.2	104	113.4	[illegible]	3,138	153.6
2nd qtr.	108.6	104.2	109	115.0	[illegible]	3,174	161.7
3rd qtr.	108.6	104.0	161	116.3	[illegible]	3,179	164.4
4th qtr.	108.5	103.7	105	116.6	[illegible]	3,174	163.2
October	108.2	103.0	98	115.0	[illegible]	3,173	172.6
November	109.8	103.8	106	117.4	[illegible]	3,167	170.9
December	107.4	104.3	111	117.3	[illegible]	3,184	162.1
1986							
1st qtr.	109.0	102.5	104	118.9	[illegible]	3,204	164.6
January	108.0	102.2	96	117.0	[illegible]	3,205	159.7
February	109.5	102.6	105	117.2	[illegible]	3,218	165.9
March	109.4	102.6	111	119.8	[illegible]	3,189	168.8
April	110.6	104.4		119.3	[illegible]	3,203	169.0
May				118.4	[illegible]	3,2[illegible]	171.1

OUTPUT—By market sector; consumer goods, [illegible]vestment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1985							
1st qtr.	103.1	102.5	110.0	103.7	110.3	99.9	12.8
2nd qtr.	103.2	104.8	113.1	105.3	116.2	100.7	13.6
3rd qtr.	104.7	102.2	113.5	103.6	115.2	103.7	17.1
4th qtr.	104.2	103.0	113.3	103.3	116.6	103.8	15.6
October	103.3	102.2	113.7	102.0	111.0	103.0	19.5
November	104.8	102.4	115.9	103.8	112.8	106.3	16.5
December	104.6	104.4	110.4	105.0	109.0	103.0	10.8
1986							
1st qtr.	102.7	101.7	115.1	102.4	106.2	101.5	14.5
January	101.5	101.5	113.9	102.0	106.0	102.0	13.9
February	103.6	101.4	115.8	102.8	106.0	103.0	12.7
March	103.0	102.2	115.7	103.0	107.0	101.0	16.3
April	104.4	104.0	116.4	105.0	108.0	102.0	18.1

EXTERNAL TRADE—Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1985							
2nd qtr.	[illegible]	124.8	−124	+1,333	+2,411	97.8	14.32
3rd qtr.	[illegible]	124.1	−453	+1,072	+1,960	100.2	14.18
4th qtr.	[illegible]	127.4	−225	+921	+1,832	101.6	15.54
October	[illegible]	125.0	+7	+334	+754	101.0	16.31
November	[illegible]	128.6	−214	+112	+649	102.1	15.96
December	[illegible]	127.8	−18	+475	+461	101.7	15.54
1986							
1st qtr.	117.[illegible]	126.1	−1,460	+528	+1,394	101.0	15.88
January	118.[illegible]	120.3	+155	+1,059	+937	101.7	15.60
February	120.7	125.8	−344	+152	+678	100.7	15.80
March	112.7	132.2	−1,211	−714	+330	100.7	16.25
April	122.2	121.9	−265	+435	+265	101.7	15.99
May	120.7	131.4	−666	+34	+212	102.2	19.20

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling [illegible] the private sector (three months' growth at annual rate); building societies' net inflow; HP†, new credit; all seasonally adjusted. [illegible]earing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advncs. %	BS inflow £m	HP lending† £m	Base rate %
1985							
2nd qtr.	5.1	3[illegible]	20.4	19.2	1,523	3,682	12.50
3rd qtr.	5.5	15[illegible]	11.6	17.5	1,771	3,374	11.50
4th qtr.	1.4	25.[illegible]	17.8	17.7	2,289	3,431	11.50
October	1.5	24.[illegible]	19.8	18.7	790	1,144	11.50
November	3.0	21.[illegible]	20.4	17.6	638	1,065	11.50
December	2.7	29.1	14.2	17.0	865	1,192	11.50
1986							
1st qtr.	6.5	9.0	10.7	12.2	2,229	7,260	11.50
January	9.8	14.6	11.1	11.4	779	2,734	12.50
February	4.6	5.3	6.8	9.1	793	2,319	12.50
March	5.1	8.2	[illegible]4.2	16.4	657	2,216	11.50
April	0.3	21.5	[illegible]8.6	25.5	756	2,757	11.50
May	3.5	42.8	[illegible]9.4	27.0	500		10.00
June							10.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsl. mnfg.	RPI*	Foods*	FT* cmdty.	Strlg.
1985							
2nd qtr.	170.3	138.8	139.[illegible]	375.3	339.4	278.12	78.9
3rd qtr.	174.4	133.1	140.[illegible]	376.3	335.5	251.12	82.2
4th qtr.	176.9	132.6	141.4	378.1	337.4	n/a	79.8
October	173.9	134.7	141.9	377.1	335.5	249.46	80.4
November	176.8	132.1	141.5	378.4	337.4	n/a	80.0
December	180.0	134.7	141.9	378.9	339.4	n/a	79.1
1986							
1st qtr.	179.1	132.6	143.4	[illegible]0.8	343.3	n/a	75.1
January	176.9	135.0	142.7	[illegible]9.7	341.1	n/a	76.6
February	177.9	133.5	143.3	[illegible]1.1	343.6	n/a	74.2
March	182.4	129.4	144.3	[illegible]1.6	345.2	n/a	74.6
April	184.1	127.5	145.5	[illegible]5.3	347.4	n/a	76.2
May		127.0	145.8	[illegible].9	349.8	n/a	76.1
June						n/a	75.9

* Not seasonally adjusted.

† From January 1986 includes amounts outstanding on credit cards.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net. Div.	Times Cov'd	Gross Yield	P.E. Ratio
§125	F.P.	24/7	148	136	‡Accord Publications 5p	148	......	Rd3.1	2.6	3.0	18.7
‖	F.P.	15/8	127	114½	‡Airsprung Group 10p	120xd	−7	5.4	2.8	6.3	7.9
150	F.P.	30/6	151	138	Alumasc Group	147	......	R5.85	2.5	5.6	10.1
115	F.P.	11/7	190	155	Arlington Sec. 10p	183	−7	b1.7	4.3	1.3	25.1
150	F.P.	20/6	161	148	Barker (Charles) 5p	158	......	u3.0	3.1	2.7	17.2
§145	F.P.	—	158	145	‡Beaverco 5p	147	......	u5.0	2.4	4.8	11.7
‖	F.P.	—	53	43	Bertrams Inv. Tst.	43	−7	—	—	—	—
§37½	F.P.	25/7	40	38	‡Bipel 5p	40	+½	R1.225	3.1	4.3	10.0
147	F.P.	4/7	140	130	Blick 5p	138	......	R3.4	3.1	3.5	13.2
125	F.P.	—	138	128	‡Borland Intl. Inc	137	......	u02c	1.4	1.0	19.2
145	F.P.	25/7	175	154	Bredero Props	154	......	R4.25	2.3	3.9	13.1
§60	F.P.	20/6	61½	54	‡Brit. Isl. Airways 10p	57	+1	bd2.82	2.1	7.0	7.9
§110	F.P.	18/7	115	100	‡C'bell & Armstrong 5p	100	......	u3.91	1.9	5.5	12.7
§130	F.P.	4/7	167	150	‡Clarke Hooper 5p	152	+1	b2.3	2.9	2.1	22.8
‖	F.P.	—	98	85	Clarkson (Horace)	93	−2	L4.75	1.5	7.2	12.7
§84	F.P.	1/8	91	85	‡Coated Electrodes 5p	86	......	u3.9	1.6	6.4	13.4
§155	F.P.	6/6	232	172	‡Davies (D.Y.) 5p	212	−2	u3.4	2.7	2.3	22.8
§50	F.P.	11/6	63	50	‡Dean & Bowes 5p	63	+1	L2.5	1.5	5.6	17.0
§58	F.P.	4/7	64	59	Denitron Intl 5p	63	−1	u1.65	2.1	3.7	16.1
120	F.P.	17/7	123	111	Evans Halshaw	120	......	u3.38	3.1	6.8	7.9
140	F.P.	4/7	130	120	‡Fields(Mrs)Inc$0.05	125	+5	RQ4.5c	2.6	2.5	15.8
150	F.P.	25/6	155	150	Guthrie Corp	153	......	u5.3	2.2	4.9	9.8
140	F.P.	20/6	150	141	Haggas (John) 10p	146	+1	ud3.0	3.2	2.9	15.1
§85	F.P.	24/7	93	90	‡Hodgson Hldgs 5p	93	+2	R2.13	2.3	3.2	16.9
R30	Nil	—	325	225	Joel (H.J.) Ltd Units	255	+5	—	—	—	—
145	F.P.	16/7	130	120	Loper 5p	120	−3	R4.0	2.3	4.7	12.8
157	F.P.	26/6	158	145	‡Monotype Corpn 10p	158	+2	R4.4	1.6	3.9	15.7
165	F.P.	18/6	190	170	P-E International 10p	183	+3	1.8	3.4	1.4	29.5
§100	F.P.	27/6	113	103	‡Savage Group 20p	113	+1	R3.0	2.5	14.9	3.7
§165	F.P.	1/8	113	175	‡Smallbone 10p	175	......	u5.0	2.1	4.0	16.3
—	F.P.	—	50	43	Smith Newcourt War'ts.	50	......	—	—	—	—
§40	F.P.	31/7	42	35	‡Soundtracs 5p	35	......	61.2	2.8	4.8	10.4
§95	F.P.	25/7	110	104	‡Task Force 5p	110	......	R1.78	3.8	2.3	16.3
112	F.P.	8/8	126	116	Teeby 50p	126	......	u4.0	2.6	4.5	9.8
190	F.P.	—	242	228	Thames TV	230	......	49.5	1.9	5.8	12.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	Nil	5/8	11ppm	4ppm	Amari 8% Cum. Conv. Red. Pref.	5ppm	+½
§97.947	£25	17/9	26¼	25¼	Bankers Inv. Tst. 10½% Deb. 2016	26	+¼
§99.50	£10	28/8	9¼	8	Bristol Water 9.8% Red Deb '96	8½	......
§99.256	£30	29/8	30¾	27¼	Brit. Alcan Aluminium 10¾% Deb. 2011	27½	+¼
§94.203	£25	31/10	25¾	23¼	Broxton Est. 9.5% 1st Mort Deb 2026	23¾	+¼
109.89	£40	29/8	40	37¼	Estates & Gen. 11¼% 1st Deb. 2018	37¼	−¼
§94.45	£30	31/10	30⅛	29¾	European Inv. Bank 9% Ln 2001	30¼	+⅛
‖	Nil	4/8	7½ppm	5ppm	Friendly Hotels 5% Conv. Cum Red. Pref.	5½ppm	+½
§99.054	£40	12/9	40¼	39¾	Gevett Strat.Inv.Tst.10¾% Deb. 2016	40¼	+⅛
97.963	£25	24/10	25⅞	19⅞	Gt. Portland 9½% 1st. Mort. Deb. 2016	20	+⅛
105.523	£25	21/8	26	20¾	Land Securities 10% 1st. Mort. Deb.25	20½	......
‖	Nil	—	1¼ppm	1ppm	Leigh Int. 6% Cnv. Cum. Red. Prf.	1ppm	......
§99.951	£40	14/7	42	36	Lon. Prov. Shop 10% 1st. Mtg. Deb. 2026	36	−¼
§99.793	£25	24/9	24⅝	21½	Lon. Shop Prop. 10% 1st. Mort. Deb. 2026	21½	......
—	F.P.	—	100⅛	99½	Nationwide 9½ 15/6/87	99½	......
—	F.P.	—	100	99	Do 9½% 6/7/87	100	+1
§97.50	F.P.	11/7	97¾	96½	Paribas Concorde Tst.9.364% Deb. 1991	96½	−¼
§99.623	F.P.	30/6	100⅞	95	Peel Hldgs. 9⅝% 1st. Mort. Deb. 2011	95	......
§87.179	£30	26/9	30⅜	28¼	Portugal 9% Ln. 2016	29⅝	+½
§99.888	£40	1/8	44	38¾	Queens Moat 10¼% 1st. Mort. Deb. 2020	39	+¼
95.512	F.P.	—	96¼	95¼	Scot.Mort.6%—12%Ste'dInt.Deb.2026	96¼	+½
§105	£50	10/10	46	44½	Smith New Court 12pc Uns. Ln. 2001‡‡	44½	......
§99.480	£25	18/7	31⅛	24⅞	S.E. 10⅛% Mort. Deb. 2016	24⅞	−⅛
§99.50	£10	28/8	9¼	8	Sund. & S. Shields Wtr 9.8% Rd Db '96	8½	......
§48.835	F.P.	15/8	48⅛	47⅛	Tesco 4% Uns Deep Dis Ln 2006	48	+⅛
¶¶	F.P.	—	125p	112p	Tomkins (F.H.)5.6% Cum. Cnv. Red. Prf	125p	+2
99.073	£25	8/8	25¼	22⅞	Tops Est. 10¼% 1st. Mort. Deb. 2011/16	22⅞	......
¶¶	F.P.	—	106p	104p	Williams Hldgs. 5¾% Cnv. Conv. Red. Pref.	104p	......
£100	£50	12/9	50¼	46½	Witan Inv. 8½% Deb 2016	47	+¼

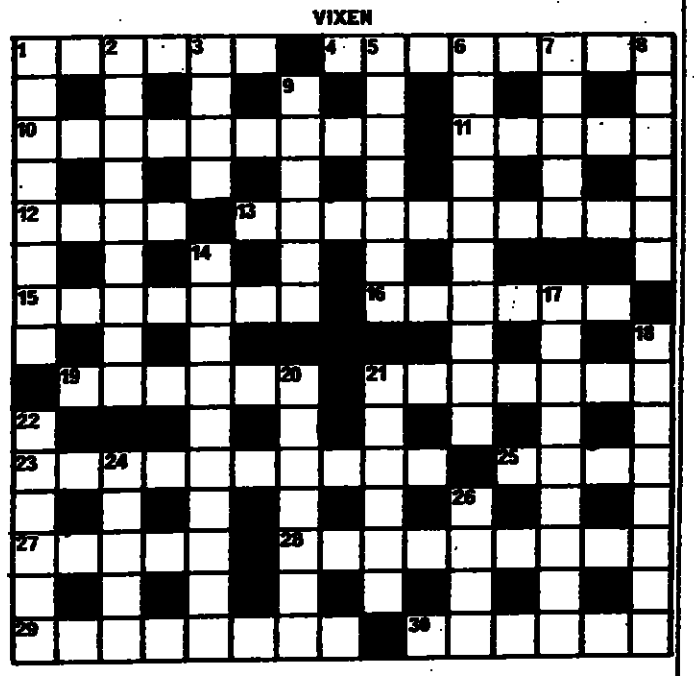
"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
40	Nil	4/8	11pm	6pm	Anglo African Fin. 7½p	6pm	......
470	Nil	4/8	200pm	100pm	Antofagasta Hldgs. £1	100pm	......
55	Nil	—	½pm	¼pm	Bertrams Inv. Tst.	½pm	......
190	F.P.	8/8	235	218	Clifford's Dairies	225	......
170	F.P.	8/8	198	192	Do A N/V	198	+6
465	Nil	29/8	100pm	80pm	Costain Group	100pm	+4
880	Nil	1/8	180pm	135pm	De la Rue	180pm	+20
130	Nil	—	8pm	8pm	Erskine House	8pm	......
47	Nil	15/8	17pm	8½pm	Five Oaks Invs.	16½pm	−½
300	F.P.	24/7	345	328	Gerrard & Natl.	335	......
148	Nil	20/8	34pm	26pm	Ibstock Johnsen	34pm	+6
215	Nil	—	63	52	Intl. Signal & Control 10c	52	−11
235	F.P.	18/7	263	240	Lep. Group 2p	243	......
235	F.P.	11/7	280	247	McCarthy & Stone 20p	280	+10
45	F.P.	11/7	95	88	Molynx 20p	92	......
200	F.P.	18/7	520	450	Nat West Bank £1	518	−2
18	F.P.	23/7	23	19	Nell & Spencer 10p	21	+1
50	Nil	—	14pm	10pm	‡Pineapple Dance Studios 10p	12pm	......
£14	Nil	12/9	500pm	500pm	Priest Marians £1	500pm	......
½	Nil	11/7	2½pm	1¼pm	Rotaprint ½p	2½pm	+¼
285	Nil	6/8	51pm	43pm	Scottish TV 10p	48pm	......
25	Nil	—	4pm	1pm	Sovereign Oil & Gas	1pm	−3

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by lastest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. *t* Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

F.T. CROSSWORD PUZZLE No. 6,063

VIXEN



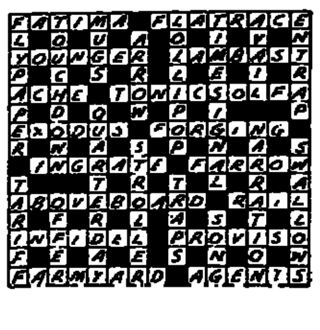
ACROSS

1 Clara's dealt with the scoundrel (6)
4 A person of some degree (8)
10 Declaration made for country people by their leader (9)
11 Quietly find employment for about fifty—beat that! (5)
12 Fall in behind the men with guns (4)
13 Diana's turned sweet, though heartbroken (10)
15 "Nothing doth more hurt in a state than that... men pass for wise." Bacon (Essays) (7)
16 Runs many refuse to make (6)
19 Not all start hurrying when a king's to be seen (6)
21 The eccentric and bore get fatter (7)
23 Biscuit and a drink taken before a game (6-4)
25 Given quarters inside or he won't pay (4)
27 Article one's written on the French passage (5)
28 Perpetually gullible, that's Rosemary! (9)
29 Places side-post out of true (8)
30 Determine to go no more a-roving (6)

DOWN

1 Repeatedly rigid—it's cramp (8)
2 A tradesman may burst into tears (9)
3 He wants the beer cold (4)
5 The list Edward circulated (7)
6 One's pride's damaged, resulting in low spirits (10)
7 Maps some mountains (5)
8 A certain character aims to make reforms (6)
9 Cutting the guy taking flight (6)
14 The retiring girl may well assume it (10)
17 Women tend to make such provision (9)
18 Access is required—please! (8)
20 Particular about coppers entering school (7)
21 Support a beast with some hesitation (6)
22 A table in a sea-going vessel (6)
24 Representing Poe as a moralist (5)
26 The monster's in no great demand (4)

Solution to Puzzle No. 6,062



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

هكذا من الأصل

AUTHORISED UNIT TRUSTS & INSURANCES

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (e)

WestAvon Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Windsor Trust Mngrs Ltd

Wright Seligman Fund Managers Ltd

The Yorkshire General Trust

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Aetna Life Insurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

Ambassador Life Ass. Co. Ltd.

American Life Insurance Co UK

Baltic Assurance Funds

Barclays Life Assur. Co. Ltd

Black Horse Life Ass. Co. Ltd

British National Life Assurance Co Ltd

Canada Life Group

Cannon Assurance Ltd

Cannon Assurance Ltd—Continued

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Devonshire Life

Eagle Star Insurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

Framlington Life Insurance Ltd

Friends' Provident Life Office

GT Management Ltd

General Accident Linked Life Assurance(z)

Assicurazioni GENERALI SpA

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration (z)

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

The LAS Group

Langham Life Assur. Co Ltd

Legal & General (Unit Assur) Ltd

Kingswood House, Kingswood, Tadworth

Legal & General Prop. Fd. Mgrs. Ltd

Liberty Life Assurance Co Ltd

For Lloyds Life Assurance see Royal Heritage Life Assurance Limited

London Aberdn & Nthn. Mtl. Assur. Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assce Co Ltd

NEL Pensions Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Property Growth Pensions & Annuities Ltd

Providence Capital Life Assu. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Heritage Life Assurance Co Ltd

Royal Life Insurance Ltd

Save & Prosper Group

Schroder Life Assurance Ltd

Scottish Amicable Investments

Scottish Equitable Life Assur. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Sentinel Life plc

Standard Life Assurance Co

Sun Alliance Fund Mangmt. Ltd

Sun Life Assurance of Canada

INSURANCE, OVERSEAS & MONEY FUNDS

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	28	Marks & Spencer	18
BAT	38	Midland Bk	44
BOC Grp	32	NEI	11
BSR	14	Nat West Bk	70
BTR	45	P & O Dfd	45
Babcock	20	Plessey	20
Barclays	45	Polly Peck	16
Beecham	32	Racal Elect	17
Blue Circle	55	RHM	20
Boots	26	Rank Org Ord	48
Bowaters	30	Reed Intnl	75
Brit Aerospace	48	Sears	12
Brit. Telecom	17	TI	42
Brown (J.)	3	Tesco	30
Burton Ord	32	Thorn EMI	35
Cadburys	17	Trust Houses	12
Charter Cons	22	Turner Newall	18
Comm Union	28	Unilever	120
Courtaulds	26	Vickers	40
Distillers	52	Wellcome	19
FNFC	15	**Property**	
Gen Accident	75	Brit Land	16
Gen Electric	17	Land Secs	30
Glaxo	100	MEPC	32
Grand Met.	34	Peachey	24
GUS 'A'	75	Samuel Props	18
Guardian	75	**Oils**	
GKN	32	Brit Oil & Min	$2\frac{1}{2}$
Hanson Tst	16	Brit Petroleum	48
Hawker Sidd.	52	Burmah Oil	30
ICI	50	Charterhall	3
"Imps"	28	Premier	$3\frac{1}{2}$
Jaguar	27	Shell	55
Ladbroke	32	Tricentrol	15
Legal & Gen	79	Ultramar	18
Lex Service	38	**Mines**	
Lloyds Bank	55	Cons Gold	40
Lucas Inds	60	Lonrho	25
		Rio T Zinc	50

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

European Court suspends test case on France's imitation milk ban

BY TIM DICKSON IN BRUSSELS

THE European Court has suspended a vital test case against the long standing French ban on milk imitation products.

The Court's decision comes as a major surprise — and will be viewed in some quarters as highly controversial — given the intense political lobbying around the case. It rejected similar overtures by the Brussels-based European Commission earlier in the summer.

The Commission has been anxious to meet a commitment entered into during this year's farm price negotiations that it would ask the European Court temporarily to withdraw a case it has been pursuing against France since 1984, while member states considered its latest compromise proposals on milk substitutes. At issue is the refusal of the French to permit imports of such products mainly on the grounds that they further exacerbate already large milk surpluses. The commission also objects to a similar ban in West Germany.

The Commission — supported strongly by Britain — argues that such barriers should be removed but that consumers should be protected by proper labelling. In particular, suggests the Commission, manufacturers should not be allowed to describe products as "milk," "butter" or "cream" if they do not consist 100 per cent of dairy ingredients.

Initially, the Court unambiguously refused to play along with the Commission, and made clear its determination to publish a final judgment in the normal way. An opinion delivered by the Advocate-General Sir Gordon Slynn in March this year came down strongly against the French ban and although not binding on past precedent is usually reflected in the judgment of the full court.

Now the Court has written to the Commission saying that it will suspend the case until July 14—an apparently short delay but one which is in effect much longer given that the Court breaks up for the summer on July 12 and does not return until mid-September.

Normally final judgments are published within two and a half to three months of the Advocate-General's opinion—in this case delivered in writing in mid-April.

The Commission has clearly been under intense pressure from France and Germany, which would equally suffer from an adverse judgment, to persuade the Court to suspend the case.

Although the Commission proposals on milk substitutes are slightly more palatable for the French and the Germans, they are far from acceptable from those countries' point of view. Bonn and Paris are pressing the Commission to introduce a system of quotas which would limit the volume of imports while Belgium has for some time been suggesting a tax on vegetable fats.

Brazil bids too low for EEC beef

By Tim Dickson

THE European Commission has rejected a bid by Brazil for 100,000 tonnes of European beef.

The sale is still widely anticipated in Brussels but is not now likely until at least the middle of next week when the relevant management committee which controls day to day operations in the market, considers a second round of offers for "bone in" beef. The Commission threw out all bids submitted by the first deadline last month on the grounds that they were not "competitive."

Although the deal is formally conducted through market traders, Brazil is known to be seeking supplies from the EEC to meet a sudden shortage in its domestic production. With 700,000 tonnes in European stores at the last count, the EEC is clearly a willing seller, though the proposed deal has stirred up fears that some of the beef could be re-exported back to the Community in processed form.

No details of Brazil's "opening shot" have been disclosed but EEC officials are bearing in mind the $655 per tonne paid recently by Brazil for an almost identical consignment of American beef.

An EEC official pointed out that while not common, the rejection of all bids in a sale by tender is far from unprecedented.

Brokers step up pressure for tin crisis settlements

BY STEFAN WAGSTYL

ELEVEN LONDON Metal Exchange broking companies which had contracts with the International Tin Council are trying to increase the political pressure on the Council's 22 member governments to meet the losses caused by the ITC's £900m default.

Mr Michael Arnold, senior partner of UK accountants Arthur Young and chief executive of Tinco Realisations, the brokers' co-ordinating group, said yesterday that while the group hoped for an out-of-court settlement it was moving towards taking legal action against member governments.

The group's legal advisers had said members were jointly and severally responsible for the tin council's debts. "Instead of bearing their share they will have responsibility for the whole lot," said Mr Arnold.

Mr Arnold added that if it came to court action the chances were high that the group would go first for the UK Government (an ITC member).

His remarks were clearly designed to rekindle public interest in the brokers' claims in advance of a House of Commons debate on the tin crisis due to be held on Monday.

The ITC ran out of money last October administering an inter-government price pact with debts to brokers and banks of £900m. Attempts to refinance the council failed in March amid bitter exchanges between creditors and ITC member governments.

Tinco Realisations also yesterday revived the argument over the role of the UK Government in the events leading up to the crisis, which was heavily criticised by the House of Commons Select Committee on Trade and Industry. The committee accused the Department of Trade and Industry of failing to give adequate warnings about the ITC's finances to brokers.

The Government replied by saying that warnings had been given at meetings between Bank of England officials and LME representatives. The brokers yesterday published minutes of these meetings held between 1982 and October 1985.

They show that both the Bank and the LME periodically expressed concern about the possible state of the tin council's finances. For example, the minutes for February 1984 say: "the Chairman (a Bank official) emphasised that in the event of the buffer stock manager's funds becoming exhausted it should not be assumed that any Government would step in to provide additional finance."

Tinco Realisations argued yesterday that this and other comments in the minutes only concerned the disruption which would follow a sudden fall in tin prices if the ITC stopped its support buying. At no time was it suggested that the council's members would renege on existing obligations, said Tinco.

The minutes suggest that the prime worry of the LME and the Bank was the length of time it might take for the tin council's debts to be honoured. At a meeting on October 3 1985, three weeks before the crisis broke, it was said that severe cash flow problems could arise.

Tinco argued that the minutes also show that far from warnings being transmitted from the DTI to the LME the opposite was true. The group pointed out that the minutes for October 3 say: "The chairman undertook to convey promptly to HMG the depth of concern expressed by market representatives."

Mr Arnold said that claims from the 11 companies could amount to at least £160m and as much as £400m. The large range arises from the fact that the LME authorities fixed a settlement price for all outstanding tin contracts and so fixed the losses faced by the 11 at the lower figure. However, the settlement has been challenged by Shearson Lehman Brothers, an American Express subsidiary. If the courts uphold the challenge, the figure could rise towards £400m.

Australian wool industry sees promotion as key to success

BY PATRICIA NEWBY IN MELBOURNE

THE FLOOR price for Australian wool sold at auction is to rise by five cents to A$5.08 a kilo (clean) for the 1986-87 selling season. That is the level which will trigger price support buying by the Australian Wool Corporation.

The modest 1.6 per cent rise, announced this week by Mr John Brown, the acting Primary Industry Minister, reflects a decision by wool growers to put more money into promotion and less into price support.

Promotion is seen as the key to wool's success against a generally gloomy agricultural outlook.

While the red meat, dairy produce and sugar sectors have suffered from substitution from white meat, fruit and vegetables and artificial sweeteners, wool continues to compete successfully against its synthetic rivals.

Falling oil prices which lower feedstock prices for synthetics have not worried the wool industry which is confident its product can be promoted as "the upmarket fibre."

Although the season finished on a strong note last Friday, with the market indicator closing at 551c a kilo clean, the Minister said long-term market conditions warranted a "cautious approach" in setting the new season's floor price.

Wool is the only agricultural commodity in which Australia is the dominant supplier. It is just ahead of the USSR as the world's biggest wool producer but Australia's famous merino wool accounts for around 70 per cent of the world's traded apparel wool. With export earnings of A$2.7bn it is second only to coal as an revenue earner.

Rivals in the apparel wool trade are South Africa and Latin America. New Zealand's wool clip goes almost entirely to carpet manufacture. The average price of Australian

wool over the year ended June 30, was 533 cents a kilo/clean which is about 1.3 per cent up in nominal terms on the previous year. When Australia's inflation rate of around 7 per cent for the year is taken into account, however, the price was down.

Compared with other agricultural commodities, however, wool prices are at least stable and the industry is generally viewed as comparatively prosperous.

Prices for the 1985-86 season were disappointing considering the cheapness of Australian wool in customer's currencies. The devaluation of the Australian dollar, especially its spectacular fall against the Japanese yen, could have been expected to result in higher prices in Australia.

The AWC ended the season with stocks of 925,000 bales, which although down on the peak of 1.1m bales, is still considerably higher than it would wish.

Mr David Asimus, the corporation chairman, was not downcast, however. He said the year's results were good considering the tremendous increase in supply of wool on to the market in the last two years and the uncertainties of currency fluctuations.

A total of just over 4m bales of Australian wool were sold through auctions in 1985-86, an increase of more than 58,000 bales.

After two bumper years, the Bureau of Agricultural Economics is predicting a slight decline in wool production in 1986-87 because of expected poorer pasture conditions. The AWC expects its stockpile to halve to around 500,000 bales during the 1986-87 season.

The AWC and the floor price scheme are funded by a levy on wool growers, which for 1986-1987 will remain at 8 per cent of returns, but will be split 50-50 between market support and promotion. Previously the split has been five to three in favour of market support.

Something like A$140m will be spent on promotion by the Australian wool industry in the next 12 months, much of it through its contribution to the International Wool Secretariat which promotes wool in more than 50 countries.

The sales campaign is ust beginning for lightweight wool to be promoted as "Cool Wool" for spring and summer clothes and this year's Australian wool advertising campaign theme is, "The feeling of wool—nothing else can touch it."

Strong currency clips NZ profits

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND wool season finished last Friday on an upward trend although at 345-350 NZ cents a kilo the average price for the season will be about nine per cent down on last year's.

The biggest decline in demand was for fine wools. This was a reflection of how currency changes affected customers' buying patterns.

The strong NZ dollar along with the weakening Australian, Chinese and American currencies, together with volatility in the Japanese yen, made Australian fine wools more attractive to some overseas buyers and some orders were switched from New Zealand to Australia.

This was particularly so for the Chinese and Japanese. Chinese buyers largely stayed out of the New Zealand market until the season was well under way. However in the last few months they came back in some strength.

Last season China was New Zealand's best customer for wool in dollar terms — although not in actual volume. This year, with purchases totalling 35,000 tonnes, it will be in the top four, along with the UK, the Soviet Union and Japan. This season many of its early orders for fine wool went to Australia where the weakening currency made the Australian price more attractive.

Nine months into the season China had brought 20,000 tonnes of NZ wool and although this, at that stage, was down on last season's level of buying, it was in fact still as much as China's total purchase of NZ wool just two seasons ago. In the last month of the season Chinese buyers were extremely active.

Three major factors caused a drop in sales to Japan: large Japanese stocks; a drop in cunsumer spending; and the strength of the NZ dollar. Many Japanese orders for fine wools went to Australia as a result of the currency factor.

The NZ Wool Board was extremely active in the market throughout the season, intervening to maintain what it considered to be reasonable price levels. The Board started the season with only 40,000 bales in its stockpile. During the year it bought more than 200,000 bales but was also able to sell more than 100,000. So it ended the season with stocks of around 120,000 bales.

Most of the stockpile was resold at higher than its purchase price. In some weeks the Board sold almost as much as it bought — a reflection on the caution and volatility in the wool market. At its peak the stockpile stood at 170,000 bales.

The stockpile movements also reflect the selling pattern of the season. The Board was active throughout but in the early sales it brought large quantities of fine wools. It was then doing much more buying than selling. In the second half of the season it disposed of much of this to buyers who became more optimistic and confident as the season progressed.

LONDON MARKETS

THIS WEEK's half-hearted rally in coffee futures values ran out of steam yesterday as concern over the Brazilian weather eased once more. Forecasters now say no damaging frost is likely in the coffee belt until the weekend at the earliest. Taking its lead from New York London's September futures position dipped to an eight-month low of £1,672 a tonne at one stage before ending the day £33.50 down at £1,692.50 a tonne. Conditions on the London Metals Exchange were generally quiet but aluminium staged something of a rally following sharp falls earlier in the week. The cash position gained £8 to £747 a tonne after an early fall triggered renewed short-covering. The rise was also aided by fears about the US aluminium industry's labour negotiations and talk that workers at Reynolds Metals might join those at Alcoa in strike action, dealers said.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	746-8	+8.0	755.5/735.5
3 months	751-2	+7.75	753/742.5

Official closing (am): Cash 735-5.5 (744-4.5), three months 743-3.5 (748.5-9), settlement 735.5 (744.5). Final Kerb close: 752-2.5. Turnover: 13,800 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/low
Cash	906-7	+1.0	912/906
3 months	900-1	-2.5	909/899

Official closing (am): Cash 911.5-2.5 (909-9.5), three months 908-7 (906-6.5), settlement 912.5 (909.5). Final Kerb close: 902-2.5.

Standard			
Cash	866-7	-3.0	863/863
3 months	866.5-7	-0.25	868/864

Official closing (am): Cash 870-2 (864-6), three months 887-9 (885-7), settlement 872 (866). US Producer prices 64.00-71.00 cents a pound. Total Turnover: 30,225 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	268-9	+2.75	270/268
3 months	267.5-8.5	+2.25	269/264

Official closing (am): Cash 268-9 (263.5-4), three months 268.5-9 (264-4.5), settlement 269 (264). Final Kerb close: 264-5. Turnover: 5,100 tonnes. US Spot: 22.50-24.00 cents a pound.

NICKEL

	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	2570-5	-35.0	2570/2565
3 months	2600-5	-25.0	2635/2585

Official closing (am): Cash 2,560-5 (2,610-2), three months 2,600-1 (2,630-2), settlement 2,565 (2,612). Final Kerb close: 2,605-15. Turnover: 962 tonnes.

ZINC

High grade	Unofficial close(p.m.) £ per tonne	+ or —	High/low
Cash	527-8	-2.0	533/527
3 months	531-2	-1.25	539/531

Official closing (am): Cash 532.5-3 (528-8.5), three monthsh 535-6 (530-1), settlement 533 (528.5). Final Kerb close: 537-8. Turnover: 10,200 tonnes. US Prime Western: 41.50-44.75 cents a pound.

GOLD

Gold fell $1¼ to $343-343½ on the London bullion market yesterday. It opened at $343¾-344¼ and was fixed at $344 in the morning and $343.30 in the afternoon. The metal touched a peak of $344¼-344¾ and a low of $342-342½. US traders sold gold ahead of the long weekend for Independence Day, while the threat of a strike by South African miners had no impact.

GOLD BULLION (fine ounce) July 2

Close	$343 343½	(£223-223½)
Opening	$343¾-344¼	(£223½ 224)
M'n'g fix	$344.00	(£223.740)
Aft'n'n fix	$342.30	(£222.056)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$344 346	(£223¾-225¼)
½ Krug.	$180-181¼	(£117-118)
¼ Krug.	$91½-92½	(£59½-60¼)
1/10 Krug.	$37-38	(£24 24¾)
Mapleleaf	$351½-354½	(£228¾-230½)
Angel	$352-354	(£229 230¼)
1/10 Angel	$35¼-40½	(£23-26¼)
New Sov.	$82-84	(£53¼-54½)
Old Sov.	$82¼-83¼	(£53½-54¼)
$20 Eagle	$425-475	(£276½ 309)
NoblePlat	$435½-441¼	(£284-287)

TIN

...KUALA LUMPUR TIN MARKET—Close: 14.19 (14.09) ringgit per kg. Up 0.1.

SILVER

Silver was fixed 0.55p an ounce higher for spot delivery in the London bullion market yesterday at 331.05p. US cent equivalents of the fixing levels were: spot 510.5c, up 1c; three-month 518.5c, up 0.75c; six-month 527.1c, up 0.45c; and 12-month 545.8c, up 0.9c. The metal opened at 332-333½p (511-513c) and closed at 328½-329p (503-505c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	331.05p	+0.55	325p	-2.5
3 months	338.55p	+0.40	333p	-2
6 months	346.55p	+0.25	—	—
12 months	363.00p	+0.45	—	—

LME—Turnover: 15 (nil) lots of 10,000 ounces.

Cash: high 327.6p, low 327p: Three months final Kerb 332-4p.

MEAT

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 97.25p per kg lw (−1.10). GB—Sheep 162.83p per kg est dcw (+16.69). GB—Pigs 72.81p per kg lw (−1.96). GB—AAPP 100.02p per kg dw (−1.53).

PIGMEAT Month	Y'day's close	+ or —	BEEF Y'day's close	+ or —
July	101.40	-0.90	184.00	—
Aug	101.30	-0.30	183.50	-1.00
Sept	106.40	-0.10	183.00	—

Pigmeat sales: Nil (10) lots of 50 carcases, 3,250 kg.

Beef sales: 3 (nil) lots of 20 sides.

INDICES

REUTERS

July 1	June 30	M'th ago	Year ago
1460.0	1458.7	1766.9	1769.8

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 1	June 30	Month ago	Year ago
Spot	124.71	126.21	—	116.73
Fut.	112.68	113.33	—	116.79

(Base: December 31 1931 = 100)

MAIN PRICE CHANGES

	July 2 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1230/250	+10	$1585/625
Copper			
Cash h Grade	£906.5	+1	£941.5
3 mths	£900.5	-3	£949.5
Gold Troy oz	$343.25	-1.75	$341
Lead Cash	£268.5	+2.75	£269.5
3 mths	£268	+2.25	£273.5
Nickel			
Free Mkt	180/200c	-2	181/201c
Palladium oz	$110.30	-0.55	$108.00
Platinum oz	$423.25	-8	$417.50
Quicksilver†	$210/220		$205/215
Silver troy oz	331.05p	+0.55	342.55p
3 months	338.55p	+0.40	350.35p
Tin			
free mkt	£5680/880	+15	£5610/64
Tungsten	$54.42	-4.51	$59-13
Wolfram 22.0lb	$42/50		$42/50
Zinc	£527.5	-2	£519.5
3 months	£531.5	-1.25	£527.5
producers	$840		$760/780
OILS			
Coconut (Phil)	$230y		$250
Palm Malayan	‡		$242.5
Copra Phil	$160y		$160
Soyabean (U.S.)	$150y	-1	$149
GRAINS			
Barley Fut.Sept.	£99.35	+0.15	£97.80
Maize	£154.00		£138.50
Wheat Fut Sept.	£99.95	-0.05	£99.30
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Sept	£1289.5	+0.5	£1340.5
Coffee Ft. Sept	£1692.5	-33.5	£1902.5
Cotton A Ind.*	38.90c	-0.30	43.65c
Gas Oil Aug.	$103.5	-3.75	$113.25
Rubber(kilo)	57p	+0.25	58.00p
Sugar (raw)	$142y	-12.5	$171.5
Wooltops 64s	418p kilo		425p kilo

In tonnes unless otherwise stated. ‡ Unquoted. † Per 75-lb flask. c Cents per pound. y July-Aug. z Aug. w Aug-Sept. * Cotton Outlook.

COCOA

Futures traded in a confined range throughout the day. Trading was thin with both consumers and producers sidelined, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1255-1257	-3.5	1260-1255
Sept.	1289-1290	+0.5	1291-1284
Dec.	1330-1331	-2.5	1353-1326
March	1360-1362	-6.5	1365-1358
May	1380 1382	-5.5	1384-1379
July	1395-1399	-8.0	1402-1402
Sept	1413-1415	-9.5	1417-1413

Sales: 1,187 (3,862) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for July 2: 87.52 (88.50); five-day average for July 3: 87.15 (86.77).

COFFEE

In light volume new contract lows were made despite a promising opening, reports Drexel Burnham Lambert. Mixed trade and commission house selling pushed levels £54 lower by mid-afternoon. Physical offtake was limited and a lack of any fresh fundamental or technical news made buyers reluctant.

COFFEE	Yesterday Close	+ or —	Business Done
July	1645-1650	-37.5	1700-1665
Sept	1690 1695	-33.5	1740-1672
Nov	1715-1720	-48.0	1775-1712
Jan	1745-1752	-56.5	1814-1765
Mar.	1778-1785	-55.5	1859-1795
May	1810-1820	-37.5	1860-1840
July	1840-1860	-38.5	1880

SOYABEAN MEAL

July wheat steadied throughout the day on short-covering interest, reflecting news of higher EEC farm prices dictating destiny of intervention release prices. New crops firmed on shipper support before easing on keen merchant profit-taking, reports T. G. Roddick.

	Y'sterd'ys close £ per tonne	+ or —	Business Done
August	119.5-120.5	-0.15	120.8
October	121.5-121.5	+0.10	121.5-121.0
Dec.	121.5-121.5	+0.10	121.5-120.5
Feb.	124.0-124.5	+0.25	—
Apr.	125.0-125.8	+0.60	—
June	123.0-124.5	-0.25	—
August	125.0-126.0	-0.25	—

Sales: 434 (2,536) lots of 20 tonnes.

GRAINS

Busines done—Wheat: July 114.75-3.75, Sept 100.00-99.90, Nov 102.95-2.90, Jan 106.20-6.00, March 108.50-8.40, May 110.70-10.65. Sales: 221 lots of 100 tonnes. Barley: Sept 99.40-9.20, Nov 103.00-2.80, Jan 106.20-5.90, March 108.45-8.15, May untraded. Sales: 99 lots of 100 tonnes.

Mnth	WHEAT Yesterday's close	+ or —	BARLEY Yest'rdy's close	+ or —
July	114.75	+2.50	—	—
Sept.	99.95	-0.05	99.35	+0.15
Nov	102.90	-0.10	102.84	+0.05
Jan	106.00	-0.10	106.05	+0.15
Mar	108.45	-0.05	108.35	+0.10
May	110.70	+0.15	100.00	+0.15

LONDON GRAINS—Wheat: US Dark Northern Sprin No 1, 15 per cent: July 95.75, Aug 95.25, Sept 94.25 sellers, transhipment East Coast. US No 2 Soft Red Winter: July 87.50, Aug 86.75, Sept 87.50 sellers. EEC June 123.00. English feed, fob: spot 114.50-15.50, Sept 101.50-102.50, Oct 104.50-105.50, Oct/Dec 106.50-107.50, Jan/March 111.50-112.00 buyers/sellers. Maize: US No 3 Yellow/French transhipment East Coast: June 134.00. Barley: English feed, fob: Aug 100.00, Sept 101.50, Oct 104.50 buyers, Oct/Dec 106.50-07.00, Jan/March 111.50-12.50 buyers/sellers.

SUGAR

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	131.0-131.2	152.0-152.2	151.8-128.0
Oct	141.4-141.6	142.0-142.2	145.8-137.0
Dec.	146.0-147.0	145.8-147.0	143.4
Mar.	155.4 155.6	165.2-155.8	155.4-151.0
May	158.4-160.2	159.8-161.0	160.0-156.8
Aug.	163.8-164.4	163.8-164.8	160.8
Oct	168.0-169.4	168.0-169.6	—

Sales: 2,848 (2,906) lots of 50 tonnes.

PARIS—(FFr per tonne): Aug 1196-1198, Oct 1236-1237, Dec 1265-1275, March 1330-1337, May 1370-1380, Aug 1395-1410.

LONDON DAILY PRICE—Raw sugar $142.00 (£92.50), down $12.50 (down £7.50) a tonne for July-August delivery. White sugar $171.50, down $12.00.

Tate and Lyle delivery price for granulated basis sugar was £195.00 (£203.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for July 1: Daily price 6.06 (5.94); 15-day average 6.04 (6.08).

RUBBER

PHYSICALS — The London market opened slightly easier, drifted lower throughout the day and closed weak, reports Lewis and Peat. Closing prices (buyers): Spot 57.00p (56.75p): Aug 58.00p (same); Sept 56.00 (same). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No 1 204.0 (205.5) and SMR 188.5 (188.0).

FUTURES—Index: 560, Aug 554-560, Sept 535.-560, Oct-Dec 550-555, Jan-March 560-567, April-June 573-579, July-Sept 575-583. Sales: 2.

FREIGHT FUTURES

The dry cargo index rose for the first time in 17 sessions. Short-covering was light in a thin market and levels rose, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	571/573	575/571	570/572
Oct.	650/651	653/640	636/637
Jan.	670/672	671/664	660/662
April	736/745	736	725/735
July	635/657	—	635/660
Oct.	700/750	—	716/750
Jan.	725/770	—	725/792
Apr.	800/880	—	900/
BFI.	586.0	—	584.5

Turnover: 222 (123).

	Close	High/Low	Prev.
Tankers			
July	1090/1060	1030	1000/1060
Aug	970/1040	990	980/1040
Sep	1000/1060		1100
Dec	1170/1250	—	1080/1250
Mar	1300	—	1300
June	1150/1240	—	1160/1200
BTI	1134	—	1146

Turnover: 39 (17).

POTATOES

The market displayed uncertainty during the morning, slipping £3.00 before recovering by midday. Afternoon trade was strong, with April moving sharply higher and taking other positions with it to close very steady, reports Coley and Harper.

Month	Yesterdays close	Previous close	Business done
	£ per tonne		
Nov	113.00	105.30	115.00-102.40
Feb	184.00	114.30	
Apr	166.50	149.50	166.50-145.00
May	173.50	169.00	173.50-158.50
Nov	82.50	80.00	

Sales: 2,037 (2,064) lots of 40 tonnes.

Earlies—July 83.30, −4.20, 86.00-82.50; Aug 75.00, +2.50; Sept 80.00, +7.50. Sales: 7 lots of 10 tonnes.

GAS OIL FUTURES

Month	Ystrday's Close US $ per tonne	+ or —	Business Done
July	101.00	-4.50	106.25-01.00
Aug	103.50	-3.75	109.00 03.00
Sep	106.75	-3.25	111.25 06.50
Oct	110.25	-3.00	113.50-10.00
Nov	113.75	-3.25	118.00-15.75
Dec	116.00	-3.75	118.50-16.00
Jan	119.75	-0.25	119.75 —

Turnover: 3,908 (4,187) lots of 100 tonnes.

OIL

15-day Brent continued to weaken in thin July trade as falling product prices put pressure on crude values. Nymex WTI opened 2c up and traded within a narrow 28c range finishing the morning 26c down by 1.30 EDT. In the petroleum products market gasoline was little traded in North West Europe but prices in the Mediterranean have fallen rapidly in recent days. Prices for gas oil cargoes for prompt delivery remain weak with aggressive sellers chasing few buyers—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—July		
Arab Light	—	—
Arab Heavy	—	—
Dubai	9.30-9.50	-0.16
Brent Blend	10.60-10.70	-0.275
W.T.I. (1pm est)	12.15-12.25*	-0.25
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	159-164	—
Gas Oil	99-101	-2
Heavy fuel oil	64-65	-1
Naphtha	97-100	-1

* August.

Petroleum Argus estimates.

US MARKETS

THE WEAKNESS of the New York oil markets continued both in the crude and the products with the Opec decision to reconvene later this month to decide practical measures to implement their cutback plans doing little to inspire a market which seems to have realised that there is too much oil available, reports Heinold Commodities. The leading August position in the crude oil dipped below $12 late in the session for the first time since mid-April. Light short-covering ahead of an extended holiday for the New York exchanges appeared to prevent a collapse through this important chart level, as the market approached the close ony slightly under it, but analysts considering the fuundamental aspects of the market looked at lower prices. Coffee traded down the 4c limit in the December position and lost nearly 8c in the leading September position as the attempt in the last wek's trading to form a technical base around 170c was decisively defeated by disappointed liquidation from commission houses.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
July	52.75	52.80	52.55	52.65
August	53.05	—	—	53.00
Sept	53.40	53.50	53.20	53.35
Dec	53.86	53.95	53.70	53.80
Jan	54.00	—	—	54.00
March	54.30	—	—	54.30
May	54.50	—	—	54.50
July	54.70	—	—	54.70
Sept	54.88	—	—	54.85
Dec	55.00	—	—	55.00

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
July	1739	1745	1735	1750
Sept	1791	1800	1784	1799
Dec	1844	1856	1840	1853
March	1899	1902	1895	1901
May	1928	1930	1920	1923
July	1948	—	—	1955
Sept	1977	1975	1975	1980
Dec	2005	—	—	2005

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
July	160.00	169.00	160.00	169.00
Sept	163.76	170.50	163.50	171.74
Dec	171.81	174.25	171.81	175.81
March	175.75	178.00	175.75	179.76
May	178.75	180.00	179.25	180.75
July	179.75	—	—	183.75
Sept	180.00	—	—	184.00
Dec	181.00	—	—	181.50

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
July	60.00	60.40	59.50	60.35
August	60.30	—	—	60.60
Sept	60.65	60.95	60.10	60.90
Dec	61.25	61.45	60.70	61.45
Jan	61.40	—	—	61.60
March	61.70	61.85	61.20	61.85
May	61.95	62.10	62.10	62.10
July	62.20	62.40	61.90	62.30
Sept	62.40	62.00	62.00	62.50

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
July	69.02	69.22	68.90	69.05
Oct	31.86	32.50	31.86	32.53
Dec	32.11	32.80	32.07	32.79
March	32.82	33.32	32.80	33.67
May	33.60	34.11	33.60	34.35
July	34.30	34.80	34.50	34.98
Oct	35.75	—	—	36.23
Dec	36.87	37.00	37.00	37.21

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
July	343.4	343.4	342.5	344.1
August	344.9	345.4	343.3	345.8
Sept	346.5	—	—	346.4
Oct	347.9	348.5	346.8	348.8
Dec	351.1	351.8	349.4	352.1
Feb	354.4	354.6	353.9	355.4
April	357.7	356.8	356.8	358.7
June	361.1	361.5	361.0	362.1
August	364.7	—	—	365.8
Oct	368.3	—	—	369.2
Dec	372.2	372.2	372.3	373.1
Feb	376.2	376.0	376.0	377.1
April	380.4	379.8	379.8	381.3

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
August	12.04	12.47	11.97	12.38
Sept	11.98	12.35	11.87	12.26
Oct	12.03	12.35	11.90	12.28
Nov	12.12	12.40	12.05	12.39
Dec	12.24	12.65	12.20	12.50
Jan	12.32	12.60	12.30	12.52
Feb	12.35	12.55	12.30	12.54
March	12.25	12.60	12.42	12.55
April	12.40	12.42	12.35	12.56
May	12.40	12.60	12.40	12.57

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	426.9	426.4	423.5	422.3
Oct	429.7	430.0	425.2	424.8
Jan	432.7	432.0	428.5	427.8
April	435.7	434.5	432.0	430.8
July	439.2	438.0	438.0	434.3

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
August	35.40	36.50	35.20	36.08
Sept	35.95	37.25	35.70	36.97
Oct	37.00	37.95	36.70	37.83
Nov	37.80	38.75	37.70	38.72
Dec	38.75	39.80	33.60	39.59
Jan	39.45	40.30	39.50	40.05
Feb	40.00	40.80	40.00	40.20
March	37.15	38.50	37.15	38.00
April	36.25	37.00	36.10	36.00
May	34.75	35.50	34.86	34.25

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
July	101.15	101.60	100.90	101.55
Sept	102.80	103.30	102.00	102.90
Nov	104.30	104.75	104.00	104.30
Jan	105.75	105.75	105.35	105.70
March	107.00	107.70	106.80	106.95
May	108.00	—	—	107.35
July	109.00	—	—	108.95
Sept	110.00	—	—	109.95

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	505.9	513.0	503.0	510.0
August	510.0	—	—	513.1
Sept	512.5	518.0	507.5	515.7
Dec	521.2	527.0	516.0	524.6
Jan	524.7	—	—	527.5
March	529.8	534.0	528.5	533.1
May	535.8	—	—	538.9
July	541.6	542.0	542.0	544.7
Sept	548.0	—	—	551.1
Dec	557.3	—	—	560.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Sept	6.13	6.13	5.85	6.05
Oct	6.25	6.38	6.05	6.29
Jan	6.40	6.39	6.20	6.55
March	6.94	6.98	6.70	7.01
May	7.11	7.12	6.90	7.19
July	7.24	7.24	7.13	7.37
Sept	7.44	—	—	7.57
Oct	7.50	7.40	7.34	7.65

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
August	57.52	57.95	56.62	57.07
Oct	55.86	56.40	55.15	55.62
Dec	56.47	57.00	56.75	56.12
Feb	54.87	55.10	53.95	54.30
April	56.45	57.00	55.85	56.20
June	57.05	57.05	56.00	56.50

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
July	58.67	58.75	57.90	58.25
August	57.82	57.82	56.00	56.32
Oct	52.15	52.15	50.45	50.65
Dec	51.72	51.80	50.25	50.42
Feb	49.25	49.50	48.35	48.37
April	44.25	44.40	43.25	43.27
June	45.55	45.60	44.80	44.50
July	45.40	45.40	44.60	44.60

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	209.4	210.4	202.0	207.6
Sept	184.0	184.6	181.2	181.2
Dec	182.6	183.6	181.4	181.0
March	192.0	193.0	191.0	190.4
May	197.2	197.4	196.2	195.6
July	198.4	199.0	197.4	197.0
Sept	192.0	192.0	191.4	191.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	87.40	87.40	84.00	85.40
August	84.10	84.10	80.30	82.10
Feb	70.47	71.00	68.60	69.35
March	68.90	69.20	67.00	67.20
May	67.80	67.97	65.60	65.87
July	64.02	65.00	63.30	64.90

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
August	504.6	505.0	500.4	499.2
Sept	491.0	492.0	489.0	486.0
Nov	488.2	489.4	485.0	484.0
Jan	496.6	498.0	495.4	492.6
March	506.0	507.0	504.4	502.4
May	513.0	513.4	511.0	509.0
July	515.4	516.4	514.0	512.4
August	514.0	—	—	511.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	145.8	146.1	144.7	144.7
August	143.0	143.2	142.2	142.2
Sept	141.3	141.5	140.3	140.3
Oct	139.9	140.5	139.3	138.7
Dec	142.1	142.5	141.0	140.7
Jan	142.7	143.0	142.5	141.8
March	145.3	146.0	145.3	144.6
May	148.2	—	—	147.0
July	149.7	—	—	149.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	16.35	16.37	16.20	16.11
August	16.47	16.52	16.38	16.31
Sept	16.59	16.64	16.52	16.45
Oct	16.63	16.70	16.53	16.50
Dec	17.03	17.08	16.96	16.91
Jan	17.11	17.20	17.11	17.00
March	17.50	17.50	17.45	17.40
May	17.80	17.80	17.75	17.70
July	18.10	—	—	17.97
August	18.30	—	—	18.00

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	245.6	246.6	244.0	246.4
Sept	241.4	244.0	239.0	240.4
Dec	246.4	248.4	244.0	245.2
March	244.4	247.0	243.4	243.6
May	234.4	236.4	233.4	234.4
July	226.6	228.4	225.6	228.4

SPOT PRICES—Chicago loose lard 14.00 (13.00) cents per pound. Handy and Harmen silver bullion 506.0 (508.0) cents per troy ounce.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Short covering trims dollar

The dollar finished above its previous closing levels, but below the very firm opening, after a steady's day's trading in Europe yesterday. The initial boost for the dollar was provided by short covering overnight in New York and later in Tokyo, after the US currency held above a technical resistance point of DM 2.1720. With the dollar threatening to break through a five-year low against the D-mark, and an all-time low against the yen, technica chart resistance and fear of central bank intervention grows stronger but underlying sentiment suggests a further weakening of the currency. The fall of 0.1 per cent in May US fatory orders was within the general range of forecats, but below most expectations, and the figure would have shown a fall of 1.3 per cent without defence capital goods.

Dealers were reluctant to take out new positions ahead of the Independence Day holiday in the US and the Japanese general election on Sunday.

The dollar rose to DM 2.1885 from DM 2.1760; to FFr 6.9825 from FFr 6.9450; to SFr 1.7835 from SFr 1.7725 and to Y163.35 from Y162.55.

On Bank of England figures the dollar's index rose to 114.1 from 113.9.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3700. June average 1.50893. Exchange rate index fell 0.2 to close at the day's low of 76.2, compared with 77.9 six months ago.

Sterling continued to gain underlying support from the high level of London interest rates, but weakened against the dollar and other major currencies, as oil prices weakened on the European market, following the failure of the recent Opec conference to agree new lower production quotas. The pound lost 1.30 cents to $1.5365-1.5375, and fell to DM 3.3650 from DM 3.3725; to FFr 10.7325 from FFr 10.7650; to Sfr 2.7425 from SFr 2.7475; and to Y251 from Y252.

D-MARK — Trading range against the dollar in 1986 is 2.4710 to 2.1640. June average 2.2332. Exchange rate index 135.7 against 131.4 six months ago.

The D-mark lost ground to the dollar in Frankfurt yesterday. Trading was in a fairly narrow range, with dealers reluctant to commit themselves ahead of the long holiday weekend in the US and the Japanese general election on Sunday. There were rumours of dollar sales by the Soviet Union in the morning, but the US currency remained quite firm, after a strong opening, until news of the fall in May US factory orders. This reinforced the generally bearish attitude of the market, towards the dollar, encouraging speculation about a cut in the US discount rate. At today's Bundesbank council meeting no change is expected in credit policy, although the announcement of a press conference has led to suggestions that the central bank's Lombard rate may be cut. At the Frankfurt fixing the Bundesbank did not intervene when the dollar rose to DM 2.1855 from DM 2.1829. It closed at DM 2.1805 compared with DM 2.1795.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 161.05. June average 167.50. Exchange rate index 209.3 against 178.5 six months ago.

The yen showed little change against the dollar in Tokyo. The US currency closed at Y163.90, compared with Y163.65 on Tuesday. Short covering, and buying of dollars by foreign bond investors, gave the dollar a boost, taking it up to a high of Y164.25 during the morning, but squaring of positions trimmed the dollar's gains in the afternoon. Speculation that the dollar will continue to decline was offset by fear of central bank intervention around the present level, although there was no sign of dollar buying by the Bank of Japan yesterday. Trading is likely to become increasingly nervous ahead of Sunday's general election in Japan, while market volume will decline around the end of the week, as the US celebrates Independence Day.

£ IN NEW YORK

July 2	Latest	Prev. close
£ Spot	$1.5377-1.5387	$1.5430-1.5440
1 month	0.43-0.40pm	0.43-0.41pm
3 months	1.16-1.12pm	1.15-1.13pm
12 months	3.95-3.85pm	4.00-3.90pm

Forward premiums and discounts apply to the US dollar

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5350-1.5450	1.5365-1.5375	0.43-0.40c pm	3.24	1.17-1.12pm	2.98
Ireland†	1.3789-1.3870	1.3820-1.3830	0.32-0.25c pm	2.47	0.90-0.70pm	2.31
Canada	1.3760-1.3812	1.3770-1.3780	0.15-0.18c dis	−1.43	0.54-0.59dis	−1.64
Nethlnd.	2.4500-2.4700	2.4600-2.4610	0.15-0.10c pm	0.61	0.40-0.35pm	0.61
Belgium	44.60-44.85	44.60-44.70	1pm-1c dis	—	par-4dis	−0.18
Denmark	8.05½-8.14	8.10½-8.11	0.85-1.45ore dis	−1.70	3.00-3.60dis	−1.62
W. Ger.	2.1780-2.1950	2.1880-2.1890	0.48-0.45pf pm	2.55	1.24-1.19pm	2.22
Portugal	148½-149¼	148¾-149	100-250c dis	−14.12	350-750dis	−14.79
Spain	139.00-139.94	139.40-139.50	100-150c dis	−10.72	300-400dis	−10.01
Italy	1496-1506	1498¾-1499¼	6-8½ lire dis	−5.79	18-21½dis	−5.26
Norway	7.45-7.49	7.47-7.47½	4.50-4.90ore dis	−7.45	13.80-14.20	−7.48
France	6.95½-7.00	6.98-6.98½	0.30-0.45c dis	−0.64	1.05-1.30dis	−0.67
Sweden	7.08-7.11½	7.09¾-7.10¼	1.95-2.15ore dis	−3.46	5.60-6.00dis	−3.26
Japan	162.95-164.00	163.30-163.40	0.38-0.31y pm	2.46	0.92-0.87pm	2.19
Austria	15.32-15.41	15.37-15.37½	3-2gro pm	1.94	8-5pm	1.69
Switz.	1.7730-1.7900	1.7830-1.7840	0.28-0.23c pm	1.71	0.77-0.72pm	1.67

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 44.70-44.80.

POUND SPOT—FORWARD AGAINST POUND

July 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5350-1.5450	1.5365-1.5375	0.43-0.40c pm	3.24	1.17-1.12pm	2.98
Canada	2.1166-2.1265	2.1170-2.1200	0.37-0.27c pm	1.81	0.79-0.64pm	1.35
Nethlnd.	3.77¼-3.79½	3.77¾-3.78¾	1½-1¼c pm	3.97	3½-3¼pm	3.57
Belgium	68.51-69.05	68.60-68.70	21-16c pm	3.23	53-44pm	2.83
Denmark	12.45¾-12.52¾	12.45¾-12.46¾	2¼-1ore dis	−1.56	5-3½dis	−1.36
Ireland	1.1100-1.1160	1.1125-1.1135	0.10-par p pm	0.54	5pm-5dis	—
W. Ger.	3.36¼-3.37	3.36-3.37	1½-1¼pf pm	3.79	4½-4¼pm	5.20
Portugal	228.94-229.92	226.95-228.65	55-220c dis	−7.25	210-680dis	−7.82
Spain	214.12-215.17	214.15-214.40	75-125c dis	−5.60	280-340dis	−5.79
Italy	2303½-2313¼	2303½-2304½	2-8 lire dis	−2.60	9-17dis	−2.26
Norway	11.47¾-11.53¾	11.48-11.49	3½-4½ore dis	−4.17	12¾-13½dis	−4.46
France	10.70½-10.75½	10.72¼-10.73¼	2½-2c pm	2.59	6¼-5¾pm	2.31
Sweden	10.90¾-10.94½	10.90¾-10.91¾	par-½ore dis	−0.27	¼-1¼dis	−0.25
Japan	250½-252	250¾-251¼	1¼-1¼y pm	5.65	3½-3¼pm	5.16
Austria	23.56-23.68	23.56-23.60	11-8¾gro pm	5.24	28⅞-25¼pm	4.62
Switz.	2.73¾-2.75¼	2.73¾-2.74¾	1¼-1c pm	4.92	3½-3pm	4.64

Belgian rate is for convertible francs. Financial franc 68.75-68.85. Six-month forward dollar 2.18-2.11c pm. 12-month 3.94-3.84c pm.

EXCHANGE CROSS RATES

July 2	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.537	3.365	251.0	10.73	2.743	3.783	2304.	2.118	68.65
$	0.651	1.	2.189	163.4	6.983	1.784	2.461	1499.	1.378	44.68
DM	0.297	0.457	1.	74.59	3.189	0.815	1.124	684.7	0.629	20.40
YEN	3.984	6.124	13.41	1000.	42.75	10.93	15.07	9179.	8.436	273.5
F Fr.	0.932	1.432	3.136	233.9	10.	2.555	3.524	2147.	1.973	63.96
S Fr.	0.365	0.560	1.227	91.52	3.913	1.	1.379	840.1	0.772	25.03
H Fl.	0.264	0.406	0.890	66.36	2.837	0.725	1.	609.1	0.560	18.15
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	29.80
C $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	32.41
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

EURO-CURRENCY INTEREST RATES

July 2	Short term	7 Days notice	Month	Three Months	Six Months	One Year
Italian Lire	10-12	11¼-12⅛	11⅛-12⅛	11⅛-11⅞	11⅛-11⅞	11⅛-11⅝
B.Fr.(Fin)	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7⅛-7⅜	7¼-7⅛
B.Fr.(Con)	7-7¼	7-7¼	7-7⅛	7-7⅛	7-7⅛	7-7⅛
Yen	4⅛-4⅞	4¾-4⅞	4¾-4⅞	4⅝-4⅞	4⅝-4⅞	4⅝-4⅞
D. Krone	8⅝-9⅛	8⅝-8⅞	8½-9	8½-9	8¾-9¼	8⅞-9⅜
Asian $ (Sng)	6⅞-7⅛	7-7⅛	6⅞-7	6⅞-6⅞	6⅞-6⅞	6¾-6⅞

Long-term Eurodollars: Two years 7⅛-7⅜ per cent; three years 7⅝-7⅞ per cent; four years 7¾-8 per cent; five years 8-8¼ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

MONEY MARKETS

UK rates hardly changed

Interest rates were virtually unchanged in London yesterday in very quiet and featureless trading. Three-month interbank money closed at 9⅞-9⅞ per cent from 9⅞-9⅞ per cent while overnight funds commanded up to 12½ per cent after opening at 10-10½ per cent. Late balances were taken nearer 11 per cent.

The Bank of England forecast a shortage of around £800m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £697m and a rise in the note circulation of £125m. In addition banks brought forward balances £45m below target. These were partly offset by Exchequer transactions which added £50m. The Bank gave assistance in the morning of £150m, having revised the forecast to a shortage of around £850m. The morning help comprised outright purchases of £20m of eligible bank bills in band 1 at 9⅞ per cent, £69m in band 2 at 9⅞ per cent and £61m in band 3 at 9⅞ per cent.

The shortage was revised once more to £900m before taking into account the early help and the Bank gave additional assistance in the afternoon of £472m. This comprised outright purchases of £61m of eligible bank bills in band 1 at 9⅞ per cent, £196m in band 2 at 9⅞ per cent and £215m in band 3 at 9⅞ per cent. Late assistance came to £205m, making a total of £827m.

In Frankfurt call money was a little easier following Wednesday's injection of funds through a split date sale and repurchase facility. Despite the easier tone there was little hope in the market of a possible cut in the Lombard and discount rates after today's meeting of the Bundesbank central council, with currency trading decreasing sharply in volume ahead of the long weekend in New York and Japan's general election on Sunday. Although holding a press conference after today's meeting, normally seen as a sign that some announcement would be made, the West German authorities have made clear on previous occasions their dislike of leading a concerted interest rate cut. In addition there is still some concern about money supply and the D-mark's weak position within the EMS.

UK clearing bank base lending rate, 10 per cent since May 22

NEW YORK RATES

(Lunchtime)

Prime rate	8½
Broker loan rate	8
Fed funds	6[illegible]
Fed funds at intervention	7
Treasury Bills & Bonds	
One month	5.78
Two month	6.01
Three month	6.18
Six month	6.22
One year	6.37
Two year	6.90
Three year	6.99
Four year	7.16
Five year	7.24
Seven year	7.33
10 year	7.37
30 year	7.22

FT LONDON INTERBANK FIXING

(11.00 a.m. July 2)

Three months US dollars		Six months US dollars	
bid 6 11/16	Offer 6 13/16	bid 6 ¾	Offer 6 ⅞

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

July 2	Over night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-12½	10⅜-10⅝	10⅛-[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	—	—	10⅛-[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Depos	10¼-10⅜	10-10½	10-[illegible]	[illegible]	[illegible]	[illegible]
Local Author'y Bonds	—	—	10[illegible]	[illegible]	[illegible]	9½
Discount Mkt Depos	10-12	10¼-10¾	9¾	[illegible]	[illegible]	9¾
Company Depos	10¾	10½	10[illegible]	[illegible]	[illegible]	—
Finance House Depos	—	—	10[illegible]	[illegible]	[illegible]	—
Treasury Bills (Buy)	—	—	9[illegible]	[illegible]	[illegible]	9¾
Bank Bills (Buy)	—	—	9[illegible]	[illegible]	[illegible]	—
Fine Trade Bills (Buy)	—	—	10[illegible]	[illegible]	[illegible]	—
Dollar CDs	—	—	6.80-[illegible]	[illegible]	[illegible]	6.65-6.70
SDR Linked Depos	—	—	6⅛-[illegible]	[illegible]	[illegible]	6⅛-6⅜
ECU Depos	—	—	7⅛-[illegible]	[illegible]	[illegible]	7¼-7⅜

Treasury Bills (sell): one-month 9 21/32 per cent; three months 9⅝ per cent. Bank Bills (sell): one-month 9 21/32 per cent; three months 9 11/16 per cent. Treasury Bills: Average tender rate at discount 9.3029 per cent. ECGD Fixed Finance Scheme IV reference date June 4 to July 1 (inclusive) 9.824 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from July 1 1986. Bank Deposit Rates for sums at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 10 per cent; one-three months 10 per cent; three-six months 10 per cent; six-nine months 9¾ per cent; nine-12 months 9¾ per cent. Under £100,000 9¾ per cent from June 25. Deposits held under Series 5 9⅞ per cent. Deposits withdrawn for cash 6⅛ per cent.

MONEY RATES

July 2	Ov'r-nig'ht	One Month	Two Months	Three Months	Six Months	Lombard Int'v'tin
Frankfurt	4.40-4.50	4.50-4.60	4.50-4.60	4.50-4.65	4.55-4.70	5.5
Paris	7⅞	7⅛-7¼	7⅛-7¼	7⅛-7¼	7⅛-7¼	7
Zurich	⅞-1⅛	4⅛-5⅛	—	4⅞-5⅛	—	—
Amsterdam	6⅛-6⅜	6⅛-6⅞	—	6⅛-6⅞	—	—
Tokyo	4.65625	4.65625	—	4.71875	—	—
Milan	12¼-12¾	11⅛-12½	—	11⅞-12⅛	—	—
Brussels	6¾	7⅛-7½	—	7⅛-7¼	—	—
Dublin	10⅞-10⅜	9⅞-9⅞	9⅞-9¾	9⅞-9⅞	9⅞	—

CURRENCY MOVEMENTS

July 2	Bank of England Index	Morgan Guaranty Change %
Sterling	76.2	−16.2
U.S. dollar	114.1	+4.9
Canadian dollar	78.8	−11.9
Austrian schilling	126.9	+7.1
Belgian franc	95.6	−7.3
Danish Kroner	86.4	−0.9
Deutsche mark	135.7	+14.8
Swiss franc	162.1	+18.8
Guilder	126.8	+9.5
French franc	69.4	−13.4
Lire	46.4	−17.8
Yen	209.3	+54.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

July 2	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.766483	0.637847
US $	6½	1.18138	0.983876
Canadian $	8.84	*	1.35795
Austria Sch	4	18.1791	15.1075
Belgian Fr	8	52.8165	43.9252
Danish Kr	7	9.59812	7.97532
D'mark	3½	2.58191	2.14731
Guilder	4½	2.90619	2.41916
French Fr	9½	8.24015	6.85665
Lira	12	1775.61(1)	1476.08
Yen	3½	193.828	160.768
Norway Kr	8	8.84499	7.34662
Span'h Pta	—	164.699	137.103
Swedish Kr	6	8.39666	6.97717
Swiss Fr	4	2.10581	1.75278
Greek Drch	20½	165.511	137.564
Irish Punt	—	0.853290	0.710638

* C$/SDR for July 1: NA. (1) SDR rate for July 1

OTHER CURRENCIES

July 2	£	$
Arg'tina	1.3720-1.3745	0.8900-0.8910
Aus'alia	2.3880-2.3915	1.5475-1.5485
Brazil	21.22-21.35	13.77-13.84
Finland	7.8575-7.8570	5.0840-5.0860
Greece	213.61-217.23	139.04-141.23
H'kong	12.0325-12.0425	7.8085-7.8105
Iran	120.00*	77.90*
Kuwait	0.4495-0.4510	0.29220-0.29250
Lux'burg	68.60-68.70	44.60-44.70
[illegible]	[illegible]	4.4445
[illegible]	[illegible]	3.6735

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.6761	43.9252	+0.57	+0.63	±1.5368
Danish Krone	7.91896	7.97532	+0.71	+0.77	±1.6408
German D-mark	2.13834	2.14731	+0.42	+0.48	±1.1202
French Franc	6.96280	6.85685	−1.52	−1.46	±1.3701
Dutch Guilder	2.40935	2.41916	+0.41	+0.47	±1.5081
Irish Punt	0.712956	0.710638	−0.33	−0.27	±1.6689
Italian Lira	1496.21	1475.08	−1.41	−1.41	±4.0788

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Quiet and nervous

Activity was subdued ahead of the long weekend in the US in the London International Financial Futures Exchange yesterday. There was little incentive to open fresh positions despite further signs of a slowing down in US economic growth. Under more normal trading conditions yesterday's surprise fall of 0.1 per cent in US factory goods orders would have prompted a much firmer trend, reinforcing as it does growing speculation that the US authorities may cut their discount rate.

However, proximity of the long weekend in the US and the Japanese general election on Sunday effectively put the market's reaction on ice. There was also little incentive to trade ahead of today's meeting of the West German Bundesbank's central council.

Three-month Euro-dollar deposits for September delivery opened at 93.43 and traded around this level for much of the morning before a little nervousness encouraged a few sellers, pushing the price down to 93.39. This in turn attracted fresh buying up to a closing high of 93.45 compared with Tuesday's close of 93.47.

US Treasury bonds acted in much the same way, confined to a relatively narrow range in nervours trading. Three-month sterling deposits and gilt prices seemed less than impressed with sterling's performance, probably underlying the latter's vulnerability to a dollar fall which many expect next week. Although finishing down from Tuesday, gilt prices recovered from the day's lows on late short covering.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
116	7.02	7.52	—	—	0.18	1.18	—	—
118	5.22	6.25	—	—	0.38	1.56	—	—
120	3.55	5.08	—	—	1.07	2.38	—	—
122	2.40	4.02	—	—	1.58	3.32	—	—
124	1.43	3.06	—	—	2.59	4.35	—	—
126	1.00	2.21	—	—	4.16	5.51	—	—
128	0.36	1.46	—	—	5.52	7.12	—	—
130	0.18	1.15	—	—	7.34	8.45	—	—

Estimated volume total, Calls 693, Puts 228
Previous day's open int, Calls 10,420, Puts 3,690

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last Sept	Dec	Mar	June	Puts—Last Sept	Dec	Mar	June
88	11.12	11.10	—	—	0.06	0.50	—	—
90	9.20	9.35	—	—	0.14	1.11	—	—
92	7.34	8.03	—	—	0.28	1.43	—	—
94	5.57	6.44	—	—	0.51	2.20	—	—
96	4.28	5.30	—	—	1.22	3.06	—	—
98	3.14	4.26	—	—	2.08	4.02	—	—
100	2.15	3.32	—	—	3.09	5.08	—	—
102	1.31	2.47	—	—	4.25	6.23	—	—

Estimated volume total, Calls 32, Puts 10
Previous day's open int, Calls 1,492, Puts 543

LIFFE £/$ OPTIONS

£25,000 (cents per £1)

[illegible]

Previous day's open int, Calls 3,342, Puts 4,098

PHILADELPHIA SE £/$ OPTIONS

£12,500 (cents per £1)

Strike price	Calls—Last July	Aug	Sept	Dec	Puts—Last July	Aug	Sept	Dec
1.30	—	—	24.00	24.00	—	—	[illegible]	[illegible]
1.35	19.00	—	19.00	19.00	—	—	[illegible]	[illegible]
1.40	14.00	—	14.00	14.20	—	—	[illegible]	[illegible]
1.45	9.00	9.00	9.25	10.00	—	0.40	[illegible]	[illegible]
1.50	4.05	4.85	5.55	6.85	0.10	1.45	[illegible]	[illegible]
1.55	0.75	2.20	3.00	4.55	1.60	3.80	[illegible]	[illegible]
1.60	0.05	0.80	1.50	2.70	6.65	6.95	[illegible]	[illegible]

Previous day's open int, Calls, 32,195, Puts 32,279
Previous day's volume, Calls 1,321, Puts 1,453

LONDON SE £/$ OPTIONS

£12,500 (cents per £1)

[illegible]

LIFFE—EURODOLLAR OPTIONS

$1m points of 100%

[illegible]

CHICAGO

US TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	99-04	99-04	98-16	99-10
Dec	98-10	98-10	97-21	98-16
March	97-15	97-15	96-30	97-23
June	96-21	96-21	96-05	96-30
Sept	—	—	—	96-07
Dec	—	—	—	95-18
March	94-20	94-20	94-15	94-31
June	94-03	94-03	93-21	94-14
Sept	—	—	—	—
Dec	—	—	—	93-18
March	—	—	—	93-07

US TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	94.37	94.37	94.32	94.37
Dec	94.40	94.40	94.35	94.40
March	94.25	94.25	94.20	94.25
June	94.00	94.00	93.97	94.01
Sept	93.72	93.72	93.72	93.74
Dec	93.48	93.48	93.48	93.50
March	93.23	—	93.23	93.25

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	—	—	—	93.77
Dec	—	—	—	93.64
March	—	—	—	93.14

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	93.44	93.44	93.39	93.45
Dec	93.34	93.34	93.28	93.34
March	93.13	93.13	93.08	93.14
June	92.83	92.84	92.80	91.73
Sept	92.53	92.55	92.51	92.55
Dec	92.24	92.26	92.22	92.26
March	91.96	91.99	91.95	91.98
June	91.71	91.71	91.69	91.73

LONDON

10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev
Sept	102-20	102-25	102-04	101-61
Dec	102-27	—	—	102-00
March	102-27	—	—	102-00

Estimated volume 235 (47)
Previous day's open int. 917 (927)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

[illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

[illegible]

Estimated volume 3,077 (3,708)
Previous day's open int. 17,470 (17,327)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	168.00	169.70	167.70	168.70
Dec	170.20	—	—	170.90
March	172.70	—	—	173.40

Estimated volume 220 (389)
Previous day's open int. 1,888 (1,876)

THREE-MONTH STERLING
£500,000 points of 100%

[illegible]

US TREASURY BONDS
8% $100,000 32nds of 100%

[illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

[illegible]

IMM—STERLING $s per £

	Latest	High	Low	Prev
Sept	1.5310	1.5355	1.5300	1.5315
Dec	1.5210	1.5250	1.5210	1.5215
March	1.5100	1.5150	1.5100	1.5085

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.5302	1.5355	1.5293	1.5360
Dec	1.5200	—	—	1.5255
March	1.5110	—	—	1.5160

Estimated volume 103 (62)
Previous day's open int. 1,139 (1,712)

STERLING INDEX

	July 2	Previous
8.30 am	76.3	76.3
9.00 am	76.3	76.3
10.00 am	76.3	76.3
11.00 am	76.3	76.3
Noon	76.3	76.3
1.00 pm	76.4	76.2
2.00 pm	76.5	76.3
3.00 pm	76.4	76.3
4.00 pm	76.2	76.4

Analysis of bank advances and acceptances

to UK residents by reporting institutions in the UK at May 21 1986 (Table 5, Bank of England Quarterly Bulletin)**

£m

INDUSTRIAL DETAIL

All banks (amounts outstanding) (sterling and other currencies)		Total to UK residents		Agriculture, forestry and fishing	Oil and extraction of natural gas	Other energy industries	Water supply	Total manufacturing	Extraction of minerals and ores	Metal manufacturing	Mineral products
Loans and advances	1986 Feb. 19	159,163		5,836	2,685	1,247	602	21,849	586	943	880
	May 21	167,745		5,963	2,399	1,097	555	22,367	587	859	856
Acceptances	1986 Feb. 19	13,964		127	306	140	1	5,490	187	203	204
	May 21	13,357		114	207	97	—	5,287	112	195	173
Total	1986 Feb. 19	173,127		5,963	2,991	1,386	602	27,339	773	1,145	1,084
	May 21	181,102		6,078	2,606	1,195	555	27,655	699	1,054	1,029
of which in sterling	1986 Feb. 19	135,251		5,926	1,354	660	73	22,242	467	869	698
	May 21	141,880		6,041	1,138	519	51	22,736	466	803	688
Changes in total lending in three months ended:											
In sterling	1986 Feb. 19*	+3,027		+ 67	− 3	− 49	+ 32	− 65	−58	−99	+51
	May 21‖	+6,629		+115	−216	−141	− 22	+494	− 1	−66	−10
In other currencies†	1986 Feb. 19*	+2,143		+ 19	− 62	+132	+ 69	+ 89	+29	−12	+78
	May 21‖	+2,752		+ 1	−112	− 25	− 7	+ 6	−63	−16	−31
Group detail (total outstanding) (sterling and other currencies)			of which in sterling								
Retail banks	1986 Feb. 19	83,448	78,591	5,638	593	229	20	13,250	265	571	451
	May 21	86,479	81,657	5,753	496	202	9	13,306	270	534	475

All banks (amounts outstanding) (sterling and other currencies)		Chemical industry	Mechanical engineering	Electrical engineering	Motor vehicles	Other transport equipment‡	Other engineering and metal goods	Food, drink and tobacco	Textiles, leather, clothing and footwear	Other manufacturing
Loans and advances	1986 Feb. 19	1,599	1,729	2,671	591	1,454	1,729	3,286	1,562	4,821
	May 21	1,543	1,805	2,510	671	1,395	1,812	3,679	1,567	5,084
Acceptances	1986 Feb. 19	572	275	810	838	113	202	1,169	222	694
	May 21	518	284	700	766	138	196	1,278	226	703
Total	1986 Feb. 19	2,171	2,004	3,481	1,429	1,567	1,931	4,455	1,784	5,515
	May 21	2,060	2,088	3,209	1,437	1,533	2,008	4,958	1,792	5,787
of which in sterling	1986 Feb. 19	1,708	1,755	2,780	1,384	1,313	1,622	3,614	1,565	4,469
	May 21	1,640	1,846	2,536	1,348	1,325	1,631	4,116	1,594	4,745
Changes in total lending in three months ended:										
In sterling	1986 Feb. 19	+ 92	− 21	−185	+ 94	+115	− 52	+ 38	− 17	− 20
	May 21	− 68	+ 91	−244	− 36	+ 12	+ 9	+503	+ 29	+276
In other currencies†	1986 Feb. 19	+ 68	−135	+ 52	− 16	− 11	− 1	−142	+ 20	+160
	May 21	− 26	+ 3	− 2	+ 46	− 37	+ 80	+ 31	− 13	+ 35
Group detail (total outstanding) (sterling and other currencies)										
Retail banks	1986 Feb. 19	833	1,159	1,601	517	888	1,247	1,993	1,085	2,641
	May 21	770	1,230	1,476	564	809	1,248	2,161	1,094	2,675

All banks (amounts outstanding) (sterling and other currencies)		Construction	Retail motor trades	Other retail distribution	Wholesale distribution	Hotels and catering	Air transport	Other transport	Postal services and telecommunications
Loans and advances	1986 Feb. 19	5,292	2,349	5,422	8,050	3,561	512	2,932	257
	May 21	5,442	2,269	6,160	7,980	3,666	478	2,985	397
Acceptances	1986 Feb. 19	167	153	987	1,990	75	12	84	75
	May 21	172	120	899	1,951	83	6	66	28
Total	1986 Feb. 19	5,458	2,502	6,410	10,040	3,637	524	3,016	332
	May 21	5,614	2,389	7,059	9,930	3,749	484	3,051	425
of which in sterling	1986 Feb. 19	4,981	2,371	6,125	5,462	3,193	255	2,056	167
	May 21	5,145	2,248	6,809	5,540	3,441	275	2,154	141
Changes in total lending in three months ended:									
In sterling	1986 Feb. 19	+367	+185	−225	+ 25	+106	− 4	− 41	− 10
	May 21	+164	−123	+684	+ 78	+248	+ 20	+ 98	− 26
In other currencies†	1986 Feb. 19	+ 21	+ 71	+ 14	+ 64	− 14	+ 29	+ 59	+ 4
	May 21	+ 9	+ 15	− 26	− 24	−121	− 51	− 30	+127
Group detail (total outstanding) (sterling and other currencies)									
Retail banks	1986 Feb. 19	3,947	1,564	4,588	2,904	2,512	140	1,269	63
	May 21	4,016	1,506	4,948	2,885	2,621	149	1,284	71

All banks (amounts outstanding) (sterling and other currencies)		Building societies§	Investment and unit trusts	Insurance companies and pension funds	Leasing companies	Other financial¶	Central and local government services	Property companies	Hiring of movables	Other services#	Bridging finance for house purchase	Other house purchase	Other advances to persons
Loans and advances	1986 Feb. 19	2,431	3,039	2,459	5,426	16,677	1,823	7,665	725	16,445	807	20,324	20,748
	May 21	2,428	3,785	2,664	6,253	18,310	1,509	7,687	769	18,833	832	21,236	21,681
Acceptances	1986 Feb. 19	—	98	31	1,074	2,580	20	11	103	441	—	—	—
	May 21	—	90	31	1,098	2,507	18	14	59	510	—	—	—
Total	1986 Feb. 19	2,431	3,137	2,490	6,500	19,256	1,843	7,676	828	16,886	807	20,324	20,748
	May 21	2,428	3,874	2,695	7,351	20,817	1,528	7,701	828	19,343	832	21,236	21,681
of which in sterling	1986 Feb. 19	2,431	1,044	1,137	6,265	8,685	1,449	7,151	799	9,684	807	20,308	20,625
	May 21	2,428	1,311	1,257	7,092	9,888	1,144	7,146	798	10,960	832	21,213	21,572
Changes in total lending in three months ended:													
In sterling	1986 Feb. 19	+369	− 10	+199	−204	+595	−269	+466	+ 42	+215	− 23	+657	+604
	May 21	− 3	+267	+120	+827	+1,203	−305	− 5	− 1	+1,276	+ 26	+905	+947
In other currencies†	1986 Feb. 19	—	−357	− 66	+ 37	+509	− 28	+105	+ 15	+1,408	—	+ 6	+ 23
	May 21	—	+554	+135	+ 33	+751	+ 4	+ 49	+ 2	+1,464	—	+ 7	− 10
Group detail (total outstanding) (sterling and other currencies)													
Retail banks	1986 Feb. 19	398	1,064	919	1,873	1,947	419	3,568	325	6,640	770	13,314	15,493
	May 21	337	1,200	1,065	2,110	2,186	330	3,666	323	7,265	798	13,908	16,052

* Changes in the reporting population at mid-February reduced total sterling lending by some £50m (net): lending in other currencies was unaffected.
† Adjusted for exchange rate effects.
‡ Includes lending under the DTI special scheme for domestic shipbuilding.
§ Includes sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.
¶ Includes secured money placed with money brokers and gilt-edged jobbers.
‖ Changes in the reporting population to mid-May accounted for some £335m (net) of the increase in total sterling lending; net lending in other currencies was unaffected.
\# Figures prior to February 1986 are affected by revised treatment of lending previously recorded as "other" house purchase now included in "other" financial.
** Comprises loans, advances and acceptances. Loans and advances include lending under the DTI special scheme for domestic shipbuilding, secured money placed with money brokers and gilt-edged jobbers and sterling time deposits placed with, and holdings of sterling certificates of deposit issued by, building societies.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1986 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
102	100½	Exch. 14pc 1986	101¼	...	13.83	9.72
98	94	Exch. 2½pc 1986	98¼	+1/16	2.54	7.36
102	100¼	Exch. 13¼pc 1987	102	...	12.98	9.31
100¾	97	Treas 10¼pc Cv '87	100	.....	10.22	9.43
97	92	Exch 2½pc 1987	97	+1/8	2.57	7.10
101	97	Exch. 10½pc 1987	100	..	10.44	9.46
98	93	Funding 6½pc '85-87‡‡	98	+1/8	6.62	8.77
101	96	Treas. 10pc 1987	100	—	9.95	9.40
97	90	Treas 3pc 1987	96¼	+1/4	3.12	6.97
104	99	Treas. 12pc 1987	103	+1/4	11.64	9.37
99	92	Treas 7¾pc 1985-88‡‡	98	+	7.90	9.12
104	96	Exch 10½pc '88	102	+	10.28	9.16
102	95	Treas 9½pc Cv '88	100	...	9.66	9.20
94	86	Transport 3pc '78-88	92½	+1/8	3.24	7.11
102	93	Treas. 9½pc '88	100½	+	9.45	9.22
107	98	Treas 11½pc 1989	105	+	10.95	9.27
103	93	Treas 9½pc Cav. '89	101	+1/8	9.41	9.06
92	82	Treas 3pc 1989	89	. .	3.35	7.04
105	95	Treas 10½pc 1989	103	+	10.18	9.23
104	94	Exch 10pc 1989	102¼	+1/8	9.79	9.21
107	97	Exch 11pc 1989	104	+	10.50	9.21
93	84	Treas. 5pc 1986-89	91	—	5.46	7.94
110	99	Exch 10¼pc Cv '89	106	+	9.65	8.09
114	103	Treas 13pc 1990‡‡	111	+1/8	11.68	9.17
108	97	Exch 11pc 1990‡‡	105	+1/8	10.43	9.18
113	101	Exch. 12½pc 1990	110¼	+1/8	11.34	9.17
89	79	Treas. 3pc 1990	87	—	3.44	6.86
100	89	Treas 8¼pc 1987-90‡‡	97	+	8.42	8.87
106	93	Treas. 10pc Cv 1990	103	+	9.71	9.12
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

هكذا من الأصل

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
317	210	Morgan Crucible	300	−2	8.5	1.7	4.0	18.8
23½	15½	♦Morris (W F A 20p	19		—	—	—	—
139	96	Moss (Robt.) 10p	132	+1	♦t3.3	2.7	3.5	14.2
138	65	Myson Grp 10p	138	+1	2.63	2.6	2.7	17.8
365	259	♦NMW Computers	320		6.0	3.0	2.6	18.4
40	27	Nash Inds	38		t0.5	—	1.9	—
•27½	15½	Neil & Spencer 10p	21½	+½	♦h—	—	—	—
38	28	Newman Inds 10p	35	−1	0.6	1.2	3.3	(33.6)
65	44	Nolton	46	+2	t0.95	7.0	2.9	6.6
138	96	♦Norank Systems 5p	128	−4	u3.0	♦	3.3	♦
284	187	Norcros	284	+2	9.3	2.2	4.7	13.3
130	49	No-Swift 5p	126		3.5	2.1	3.9	16.9
£303	£228	OCE 9pc Cnv 1987 92	£303		Q9%	—	f3.5	—
118	80	Oakwood Grp	120		5.0	1.3	6.4	15.3
250	203	Office & Elect	237	+2	8.5	2.9	5.1	9.7
102	70	Oldacre 20p	95	+3	t4.0	2.6	5.9	8.4
36	24	♦Optometrics $0.01	24		—	—	—	—
765	500	Oriflame £1	765		24.5	2.1	4.5	14.9
10	6	Ovenstone 12½c	6		g03.23c	1.9	14.1	3.7
		For Ozalid 9pc Cnv see OCE 9pc Cnv						
142	85	♦PCT Grp 10p	133	−2	3.2	1.2	5.0	(32.7)
£20½	950	PLM 'B' Sk 25	£15⅝	−¼	Q23.2%	0.3	4.2	—
184	116	PSM Intl	174		t5.5	2.1	4.5	13.2
255	167	♦Pacer Systems $0.01	220		Lu03.8lo	3.4	1.2	24.5
76	56	♦Pacific Sales 10p	64	−1	3.0	2.1	6.6	8.4
342	225	Park Place 10p	330		♦t6.25	1.9	2.7	27.7
445	246	Parker Knoll 'A'	437	−1	t9.5	2.9	3.1	15.9
525	208	♦Parkfield Group 5p	505		t2.4	2.4	0.7	84.4
53	30	♦Pavior Intl	38		—	—	—	10.1
£130	£92	Do 11pc CvLn '94-02	£102	−1	Q11%	—	f11.2	—
585	393	Pearson	585	+10	10.0	2.8	2.4	19.5

LEISURE—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
115	58	Leisuretime Int 10p	100		t2.3	♦	3.3	♦
117	100	♦Lexmar	115		u2.63	3.0	3.2	14.2
220	145	♦Media Tech Int 20p	162		L2.58	5.4	2.2	13.2
175	140	Medminster 10p	150		t5.35	2.7	5.0	10.2
220	130	♦Miss World 10p	195		5.2	3.3	3.8	11.3
90	62	Nationwide Leisure	80	−1	t3.75	♦	6.6	♦
17	10½	♦Namslo Int 20c	13		—	—	—	—
35½	23	♦Owners Abroad 3p	35½	+½	1.5	♦	6.0	♦
90	46	Photax (Lon.)	65		—	—	—	♦
34	28½	♦P'dilly Radio NV 5p	31		2.0	1.2	9.4	12.8
•68½	25½	♦Pineapple Dnc St 10p	63		—	—	—	—
391	280	Pleasurama 5p	300	+5	7.5	3.2	3.5	12.4
178	136	Do 7pcCvCmRedPf	138½	+1	7%	—	7.1	—
		For Pres Entertainment see Hotels						
43	18	♦Radio City 'A' NV	30		—	—	—	—
48	33	♦Radio Clyde NV	40		3.25	0.9	11.4	13.0
388	322	Really Useful Grp 5p	388		b11.25	2.2	4.1	16.0
64	44	Riley Leisure 10p	53		—	—	—	—
230	165	Saga Hols. 20p	165		4.6	2.6	3.9	14.0
355	245	Samuelson Grp 20p	245xd	−10	2.9	♦	1.4	♦
123	73	♦Sangers Photo 10p	102	−2	♦2.2	♦	3.0	♦
178	138	♦Scantro 50p	148	+3	4.0	3.5	3.8	10.6
340	175	Scot. TV 10p	337		10.5	3.0	4.4	10.7
294	114	SeaCo Inc $0.125	187		—	—	—	—
26	7	♦SelecTV 10p	18		—	—	—	—
37	20	♦Spectrum 5p	21		tL2.0	4.8	‡	2.2
44	31	TSW 5p	44		t1.7	2.4	5.4	10.6
280	150	TVS N/Vtg 10p	276	−4	t8.0	2.5	4.1	13.9
188	138	♦Television Svcs 50p	138	+3	2.0	1.6	2.0	44.3
72	50	Tottenham Hotspur	72		t4.0	—	‡	—
96	66	♦Trihon 10p	88	−2	L1.1	3.3	1.9	26.9

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

INSURANCES

PROPERTY

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 31

(International Edition Page 23)

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £875 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 16	June 26	June 27	July 7
June 30	*July 10*	*July 11*	*July 21*
July 14	July 24	July 25	Aug 4

* "New-time" dealings may take place from 9.30 am two business days earlier.

Cheaper money hopes spur Gilts: Thames TV fetch good premium

A more confident bond market and a highly successful debut for Thames TV shares were the two outstanding events in London yesterday. Gilt-edged buyers were encouraged to part with funds by the scent of cheaper money in the US which it is hoped would trigger similar trends in Europe and the Far East. The prospect of a cut in the Federal Reserve discount rate has brightened recently and a decision is expected after the July 4 holiday.

Fears that the Gilt market could be subject to selling now that capital gains are tax-free held prices in check initially. Little selling materialised and when demand built up the authorities were able to sell stock. The Government broker accepted a bid of 102 for supplies of Conversion 9½ per cent 2004, one of the three £150m tranches issued last Friday, and then announced its exhaustion. Professional bear-covering was included among the business.

Interest quietened from mid-day onwards and investors paused to reflect on next week's banking statistics, due to be announced at 2.30 pm on Tuesday. *These could determine* whether or not UK interest rates will be permitted to fall. The current firmness of sterling against the dollar supported views favouring lower bank base rates over coming weeks.

Successful applicants for **Thames TV** shares were rewarded with a hefty premium over the issue price. Early equity market proceedings were dominated by the debut of the £90m issue, which was oversubscribed 27 times at an offer-for-sale price of 190p. Thames began life at 228p and on sustained demand rose swiftly to 243p before easing on profit-taking to close at 230p for a premium of 40.

Leading equities were overshadowed by the clamour for Thames and, after holding firm for the first hour, drifted back. Some recent high-fliers ran into profit-taking, while **Trusthouse Forte** reacted on interim profits well below market expectations; the close was 6 down at 168p. The FT-SE 100 share ended 4.1 off at 1,656.7 and the FT Ordinary share gave up 7.1 at 1,366.6.

Merchant banks easier

Merchant banks adopted a cautious stance ahead of today's flotation of Morgan Grenfell as premium estimates over the tender price of 500p were scaled down from around 30p to 20p. **Kleinwort Benson** slipped 15 to 835p and **Hambros** eased to 243p before settling a shade off at 245p. **Brown Shipley** gave up 20 at 550p and **Mercury International** dipped 37 to 808p, after 800p. **J. Rothschild** touched 135p on the good results before easing back to close unchanged on balance at 130p. Australian banks lost ground reflecting the slump in share prices overnight following the further slide in the Australian dollar. **ANZ** fell 5 to 195p, **Westpac** lost 8 at 192p and **NBA** shed 13 to 217p. The major UK clearing banks traded quietly and finished with small irregular movements.

Insurances were featured by **Commercial Union**, up 8 at 318p, reflecting traded option activity. **Royals** softened 5 to 869p.

Borland International, publishers and developers of computer software, staged a bright debut in the Unlisted Securities Market; *the shares, offered at* 125p, opened at 125p and advanced to 138p prior to closing at 137p.

Suggestions that the Office of Fair Trading is set to refer the tied house system to the Monopolies Commission again took their toll of leading Breweries. For the second successive trading session, falls ranged into double figures with **Allied-Lyons** finally 12 cheaper at 340p following the annual meeting. **Bass** dipped 15 for a two-day decline of 40 to 790p; sentiment here was also unnerved by the disappointing results from hotels rival Trusthouse Forte. **Scottish and Newcastle** closed 4 cheaper at 200p following further consideration of the annual results with a number of brokers advising clients to avoid the shares or switch into Whitbread or Allied-Lyons. Regional Breweries remained subdued, with the exception of Dunbar-based **Belhaven** which hardened a couple of pence more to 57p amid revived chatter of an imminent share-exchange bid from **Somportex**, 9 to the good at 220p.

Leading Buildings continued to attract buyers in the wake of a series of brokers' circulars and once again stock shortages often exaggerated gains. **RMC** rose 10 afresh to 666p, as did **BPB Industries**, to 538p. **Costain** were again favoured and firmed *8 more to 572p, while* ***Alfred*** **McAlpine** rose the same amount to 448p. Buyers returned for **Bellway**, up 6 at 190p, and **Ward Holdings**, 8 to the good at 282p. **Tilbury Group** revived and closed 6 higher at 156p, but **Manders** settled that much lower at 298p following profit-taking, and bid candidate **Raine Industries** lost 4 at 75p. On the other hand, bid speculation continued to boost **Walter Lawrence** which gained 7 more to 122p, while **Robert M. Douglas** added 2 further to 130p. **J. Jarvis** settled 10 off at 420p in a restricted market; H. P. Bard has increased its holding to 15.9 per cent.

Traded option activity helped **ICI** attain £10½, but the price subsequently drifted off to close unchanged at £10¼. **Amersham International** found support following a broker's visit to the company and rose 16 to 408p.

Woolworth lose ground

Dixons' prolonged and sometimes acrimonious bid for **Woolworth** ended in victory for the latter. Just before 3.00 pm. Dixons announced acceptances accounting for around 35.5 per cent of Woolworth and therefore allowed its offer to lapse; Woolworth *fell 30 to 680p on the* development, while Dixons eased a few pence to 330p. Elsewhere, takeover speculation enlivened Stores. **Harris Queensway**, relatively neglected of late, touched 264p before settling a net 6 higher at 260p as talk of a bid from GUS resurfaced. Mail-orders again attracted sizeable support, notably **Freemans**, finally 10 up at 462p — a rise of 44 so far this week. **Empire** added 4 more at 220p, while **Grattan**, in receipt of an agreed bid from Next, hardened 5 more to 535p. **N. Brown Investments** firmed 35 to 710p in a restricted market amid revived talk of a trading link with Marks and Spencer. **Dunhill** improved 22 to 505p folowing a presentation to institutional investors. Vague takeover rumours stimulated activity in **Allebone**, 11 higher at 73p, and **John Menzies**, 20 to the good at 315p.

Comment on the uninspiring preliminary figures from **GEC** and the disappointing annual results from **Ferranti** made for a dull trading session in the Electrical leaders. **GEC** met with selling and fell away to 210p before closing 8 down on balance at 212p, while **Ferranti** gave up 4 more to 110p. **Plessey** eased a similar amount to 226p. **Thorn EMI**, in contrast, hardened 3 to 474p helped by the success of the Thames TV flotation. Elsewhere, ***Grosvenor Group*** *met* with sustained buying interest and put on 25 to 145p, while **Chloride** were also noteworthy for a gain of 5 to 51p. Late speculative activity left **BB Electronic** 11 dearer at 78p. Satisfactory interim figures prompted a gain of 8 to 413p in **Microgen**.

Interest in the Engineering sector again centred on secondary issues. Revived bid speculation lifted **Whessoe** 12 to 116p, while **McKechnie**, awaiting further developments in the take*over situation, advanced 12 to* 275p. Press mention directed buyers to **Camford** which closed 9 to the good at 99p. **Carclo** scheduled to reveal preliminary figures shortly, put on 10 more to 385p. **Hobson** moved up 4½ to 15½p on the reorganisation proposals, while country buying left **Wheway Watson** 2 better at 27½p.

Takeover favourite **Bejam** touched 188p on rumours of imminent bid news, but eased back in the absence of any developments to close 2 cheaper on balance at 181p. Elsewhere in the Food sector, **United Biscuits** attracted revived speculative buying and touched 257p *prior to closing a net 5 up at* 255p. **J. Sainsbury** hardened a couple of pence to 390p following the chairman's confident statement at the annual meeting, but profit-taking clipped 3 from **Cadbury Schweppes** at 181p.

Trusthouse Forte reacted to 160p on the announcement of interim profits well below market estimates before steadying to close a net 6 down at 168p.

Reed Intl good

Reed International resisted the slightly easier trend in the miscellaneous industrial leaders, rising 30 to 990p on buying ahead of the proposed scrip issue and share subdivision expected *to take place on July* 28. Elsewhere, British Aerospace, unsettled by the Hawk jet trainer crash, fell 20 to 510p; the reaction was also accompanied by reports of a broker's downgraded profits forecast for the company. **Booker McConnell**, advanced 12 to 377p on the sale of Budgen to Barker and Dobson, while **Pentland**, still reflecting the chairman's bullish statement at the annual meeting and the proposed ADR facility in the US, advanced afresh to £10¼ before profit-taking left a close of 980p, up 25 on the day. Speculative activity continued in **Pearson** which rose 10 more to 585p and **Thomas Marshall Loxley**, 8 higher at 128p. **Reed Executive** responded afresh to the preliminary results with a further gain of 15 to 323p for a two-day rise of 58p. **Lep Group** closed 8 higher at 256p; Govett Strategic Investment Trust announced yesterday that its holding in Lep now amounts to 16.25 *per cent. Reports of a broker's* downgraded profits forecast left **Bowater** 10 lower at 510p, but speculative buying prompted a gain of 13 to 110p in **Lilleshall** and a rise of 9 to 169p in **Bridon**.

Demand for truck manufacturers **ERF** continued unabated, the shares advanced to a new peak of 110p before settling 10 up on balance at 100p — a gain of 43 since the company revealed a sharp recovery in full-year profits last Wednesday. Motor Distributors were irregular. **Hartwells**, buoyed recently by a favourable mention, advanced 7 more to 104p, while fresh support was forthcoming for **Glanfield Lawrence**, another *4 up at 97p.* ***Western Motor***, on the other hand, encountered profit-taking in a narrow market and fell 32 to 203p with the A shares 22 cheaper at 163p.

Steady to firm conditions persisted in the Property sector. **Land Securities** edged up to 348p prior to closing a couple of pence dearer at 347p. **MEPC** were unchanged at 360p, but **Peachey** found support at 278p, up 3. **Slough Estates** were a shade better at 182p and **Great Portland Estates** a couple of pence harder at 184p. **Clayform** firmed 4 to 264p and **Samuel** moved up 8 to 260p in sympathy. Demand in a restricted market lifted **United Real** 50 to 690p, while **Mountleigh** rose 20 to *905p awaiting the annual results.* **London and Edinburgh** rose 10 to 800p, as did **Hambro Countrywide**, to 335p. Renewed demand left **Egerton Trust**, a penny better at 108p, but profit-taking clipped 2 from high-flying **Abaco** at 85p.

Allied Textile advanced 10 to 335p, after 355p, following the bumper first-half profits. **Lister**, which revealed impressive annual results on Tuesday, improved 6 more to 115p.

A flurry of speculative demand lifted **NMC Investments** 16 to 130p; negotiations are currently in progress with another company, believed to involve a possible acquisition. Elsewhere in Financials, **Authority Investments**, in receipt of an agreed bid from Management Group, advanced 35 more to 350p, reflecting asset injection hopes.

Interest in the oil sector was minimal. The leaders were usually a shade easier where changed, reflecting a marginal decline in oil prices. **Shell** slipped 5 to 788p, while minor falls were recorded by **Enterprise**, 112p and **LASMO**, 112p. Secondary issues showed a majority of modest losses. **Sovereign Oil & Gas** drifted back 3 more to a year's low of 20p, ex-rights, while **Century Oil** reflected profit-taking and settled a few pence down at 148p.

Far-Eastern influences prompted occasional London interest in Plantations. The M. P. Evans group of companies were to the fore, especially **Bertam** which put on 10 to 80p. **Lendu** rose a similar amount to 118p, while **Beradin** hardened 5 to 39p.

The UK-registered **Rio Tinto-Zinc** provided the only outstanding firm feature in mining markets; persistent buying, said to reflect a chart "buy" signal, took the shares up 13 more to 625p, for a two-day gain of 23. **Consolidated Gold Fields**, on the other hand, eased 5 to 455p on profit-taking, while **Hampton Areas** dipped 4 to 148p; Mr Ron Brierley's **IEP Securities** announced it had accepted the 150p a share cash offer from Metals Exploration and the latter's offer, which closed yesterday looks set to succeed.

South African sectors continued to retreat, still unsettled by the bomb attack near the Carlton Centre on Wednesday, an easier trend in the Financial Rand, which was trading around *22.75 cents around the close,* and persistent small selling.

Golds were additionally weakened by the further fall in the bullion price which ran back more to $343.25 an ounce.

The leading heavyweights closed with falls extending to around a point, as in **Randfontein**, £42¼, and **Vaal Reefs**, £34⅞. **Southvaal** dipped ⅞ to £16⅜ and **Buffels** ¾ to £11⅜. **Driefontein** lost 26 to a 1986 low of 802p, **Venterpost** 16 to 247p and **Freegold** 18 to 477p.

Financials and Platinums mirrored Golds. **De Beers** gave up 6 to 410p, associate **"Anamint"** £3 to £42 and **"Amgold"** £1¾ to £35¾. In Platinums, falls of 10 were common to **Impala**, 540p and **Rustenburg**, 560p.

News of the A$1bn cut in the Federal Government's 1986-87 budget, and the recent slump in the Australian dollar prompted another heavy shake-out in "down-under" issues on Sydney and Melbourne markets overnight. Industrial stocks bore the brunt of the selling pressure, but mining issues also suffered sizeable falls. Consequently dealers marked share prices sharply lower at the outset of London trading and prices continued to drift easier throughout the session. In the leading group, **Gold Mines of Kalgoorlie** dropped 10 to 360p, **CRA** 9 more to a *1986 low of 243p* ***Western Mining*** 3 to 120p and **MIM** a couple of pence to 76p. **Pancontinental** fell 8 to 71p, and **Bougainville** 5 to 96p. Notable weak spots among the more speculative Golds included **Metana**, 5 off at 87p and **Southern Resources**, 6 cheaper at 41p.

Traded Options

Hanson Trust again held the limelight in Traded Options with 2,119 calls and 701 puts transacted. Option newcomer **Dixons** recorded 529 calls and 1,033 puts on the Woolworth bid situation. **Beecham** and **GEC** contributed 1,013 and 1,474 calls respectively. Total contracts struck amounted to 20,456.

FINANCIAL TIMES STOCK INDICES

	July 2	July 1	June 30	June 27	June 26	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	90.74	90.43	90.34	90.84	90.84	82.03	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.86	96.78	96.71	96.95	96.92	86.78	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1366.6	1373.7	1367.1	1354.4	1353.1	942.3	1425.9 (3/4)	1094.3 (14/1)	1425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	198.2	204.2	202.5†	198.5	202.1	407.2	357.0 (27/1)	192.3 (12/6)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.04	4.02	4.04	4.08	4.08	4.92				
Earnings Yld.%(full)	9.69	9.64	9.69	9.77	9.79	12.31				
P/E Ratio (net) (*)	12.57	12.62	12.56	12.46	12.43	9.92				
Total Bargains (Est)	24,287	24,219	23,418	26,420	23,945	20,099				
Equity Turnover £m.	—	702.19	507.81	666.58	634.28	286.70				
Equity Bargains	—	24,099	23,105	26,054	23,219	15,830				
Shares Traded (ml).	—	290.4	250.3	293.9	270.4	155.1				

S.E. ACTIVITY

Indices	July 1	June 30
Gilt Edged Bargains	106.2	113.5
Equity Bargains	156.1	149.7
Equity Value	1,419.3	1,026.4
5-Day Average		
Gilt Edged Bargains	116.4	121.1
Equity Bargains	157.8	147.5
Equity Value	1,229.9	1,139.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1371.2	1372.5	1372.7	1371.6	1368.0	1367.2	1367.1	1367.1

Day's High 1373.4. Day's Low 1366.1 †Cum. div. 205.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=12.13.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wednesday July 2 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Tues July 1 Index No.	Mon June 30 Index No.	Fri June 27 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (213)	747.81	−0.3	7.96	3.27	16.91	9.06	749.82	747.41	739.07	488.72
[illegible]										

FIXED INTEREST

PRICE INDICES	Wed July 2	Day's change %	Tues July 1	xd adj. today	xd adj. 1986 to date
[illegible]					

AVERAGE GROSS REDEMPTION YIELDS	Wed July 2	Tues July 1	Year ago (approx.)
[illegible]			

Opening index 1659.4; 10 am 1661.4; 11 am 1661.3; Noon 1660.6; 1 pm 1657.7; 2 pm 1656.5; 3 pm 1656.7; 3.30 pm 1657.0; 4 pm 1656.8

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (141)

AMERICANS (3)
BANKS (4)
BREWERS (4)
BUILDINGS (15)
CHEMICALS (2)
STORES (11)
ELECTRICALS (5)
ENGINEERING (11)
FOODS (4)
INDUSTRIALS (26)
INSURANCE (2)
LEISURE (3)
MOTORS (2)
NEWSPAPERS (1)
PAPER (3)
PROPERTY (13)
TEXTILES (4)
TRUSTS (26)
OILS (1)
OVERSEAS TRADERS (1)

NEW LOWS (39)

AMERICANS (3) Amax, Contl. Illinois Corpn., Crown Zellerbach.
BANKS (2) ANZ, Westpac.
BUILDINGS (1) Jennings.
CHEMICALS (1) Coates Bros.
ELECTRICALS (2) Black and Decker, Murray Electronics.
INDUSTRIALS (3) CSR, Erskine House, *TSL Thermal Syndicate.*
INSURANCE (1) Bryant (Derek).
LEISURE (1) Samuelson Group.
PAPER (1) Crown Intnl. Productions.
TRUSTS (2) Contl. Assets Trust, Ivory and Sime.
OILS (6) Edinburgh Oil and Gas, Enterprise Oil, Hamilton Oil, Offshore Oil, Santos, Sovereign Oil.
MINES (16)

BASE LENDING RATES

	%		%
ABN Bank	10	Exeter Trust Ltd.	10½
Allied Dunbar & Co	10	Financial & Gen. Sec	10
Allied Irish Bank	10	First Nat. Fin. Corp.	11
American Express Bk.	10	First Nat. Sec. Ltd	11
Amro Bank	10	● Robert Fleming & Co.	10
Henry Ansbacher	10	Robert Fraser & Ptrs.	11
Associates Cap Corp	10	Grindlays Bank	‡10
Banco de Bilbao	10	● Guinness Mahon	10
Bank Hapoalim	10	● Hambros Bank	10
Bank Leumi (UK)	10	Heritable & Gen. Trust	10
Bank Credit & Comm	10	● Hill Samuel	§10
Bank of Cyprus	10	C. Hoare & Co	10
Bank of Ireland	10	Hongkong & Shanghai	10
Bank of India	10	Knowsley & Co. Ltd	10½
Bank of Scotland	10	Lloyds Bank	10
Banque Belge Ltd	10	Mase Westpac Ltd.	10
Barclays Bank	10	Meghraj & Sons Ltd.	10
Benchmark Trust Ltd	10	Midland Bank	10
Beneficial Trust Ltd	11	● Morgan Grenfell	10
Brit. Bk. of Mid. East	10	Mount Credit Corp. Ltd	10
● Brown Shipley	10	National Bk. of Kuwait	10
CL Bank Nederland	10	National Girobank	10
Canada Permanent	10	National Westminster	10
Cayzer Ltd	10	Northern Bank Ltd.	10
Cedar Holdings	11	Norwich Gen. Trust	10
● Charterhouse Bank	10	PK Finans. Intl (UK)	11
Citibank NA	10	Provincial Trust Ltd	11
Citibank Savings	¶10¾	R. Raphael & Sons	10
City Merchants Bank	10	Roxburghe Guarantee	11
Clydesdale Bank	10	Royal Bank of Scotland	10
Comm. Bk. N. East	10	Royal Trust Co. Canada	10
Consolidated Credits	10	Standard Chartered	10
Continental Trust Ltd.	10	Trustee Savings Bank	10
Co-operative Bank	*10	United Bank of Kuwait	10
The Cyprus Popular Bk.	10	United Mizrahi Bank	10
Duncan Lawrie	10	Westpac Banking Corp	10
E. T. Trust	11	Whiteaway Laidlaw	10½
Equatorial Tst Corp. plc	10	Yorkshire Bank	10

● Members of the Accepting Houses Committee. * 7-day deposits 5.69%. 1-month 6.03%. Top Tier—£25,000+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 5.82%. Mortgage 11%.

EUROPEAN OPTIONS EXCHANGE

Series	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
[illegible]							

TOTAL VOLUME IN CONTRACTS: 27,693

A=Ask B=Bid C=Call P=Put

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
June 23	July 4	Sept 25	Oct 6
July 7	July 18	Oct 9	Oct 20
July 21	*Aug 1*	*Oct 23*	*Nov 3*

For rate indications see end of Unit Trust Service

Call options were taken out in **Fobel International, Appleyard, Pearson, Wiggins, Thames Television, Abaco, Burnett** and **Hallamshire, Amstrad, Oliver Prospecting, Argyle Trust, Wellman, Taylor Woodrow, Blacks Leisure, BSG, British and Commonwealth, Vickers, Martin Ford, Berkeley and Hay Hill, Kode** *International*, **York and Equity, Hawtin, Falcon, ERF, Western Motor A, Next, Ryan International, Audiotronic, C. H. Bailey** and **Hampton Trust**. No puts were reported, but doubles were transacted in **Amstrad, ERF** and **C. H. Bailey**.

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Bejam	181	−2	JS Pathology	310	—
British Aerospace	510	−20	Pentland Inds	980	+25
Camford Eng	99	+9	Raine Inds	75	−4
ERF	100	+10	Rothschild (J.)	130	—
Gent (S. R.)	77	—	Thames TV	230	—
ICI	£10¼	—	Trusthouse Forte	168	−6

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List

Stock	No. of changes	Tues. close	Day's change	Stock	No. of changes	Tues. close	Day's change
Kode Intl	23	275	+40	Woolworth	16	710	+15
Lister	21	109	+11	Abaco Invs	15	87	−12
Beecham	19	438	+8	Barker, Dobson	14	19¼†	+1¼
Bass	16	805	−25	Brown (N.)	14	675	+20
FKI Elect	18	79½	−3½	Waterford Glss	14	132	+5
Jaguar	16	561	+13	Raine Inds	13	79	+4

† Price at suspension.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	91	7	14
Corporations, Dominion and Foreign Bonds	13	14	44
Financial and Properties	136	73	373
Industrials	371	267	867
Oils	11	19	29
Plantations	4	1	10
Mines	8	82	95
Others	79	42	124
Totals	713	505	1,615

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons	300	47	60	72	1		
[illegible]							

July 2. Total contracts 20,456. Calls 13,295. Puts 7,161
*Underlying security price.

WORLD STOCK MARKETS

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Prices at 2.30pm July 2

[illegible]

Indices

	July 2	July 1	June 30	June 27	1986 High	1986 Low
AUSTRALIA						
All Ord. (1/1/80)	1149.7	1175.3	1179.8	1183.6	1247.0 (7/5)	1010.8 (2/1)
Metals & Mnls. (1/1/80)	487.0	486.2	496.6	504.8	602.0 (24/3)	481.1 (20/6)
AUSTRIA						
Credit Bk Aktien(2/1/62)	—	—	118.20	117.29	130.69 (25/4)	110.12 (5/3)
BELGIAN						
Brussels SE (1/1/80)	3680.77	3678.18	3675.88	3680.92	3700.16 (24/4)	2765.91 (15/1)
DENMARK						
Copenhagen SE (3/1/83)	216.98	216.57	215.87	215.02	250.70 (18/4)	214.27 (21/1)
FRANCE						
CAC General (31/12/82)	357.8	354.9	356.6	355.10	411.3 (15/5)	267.8 (2/1)
Ind Tendance (31/12/82)	136.3	135.5	135.1	133.40	154.3 (12/5)	101.6 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	635.18	628.26	639.08	645.34	758.88 (17/4)	618.34 (27/2)
Commerzbank (1/12/53)	1919.9	1894.2	1929.8	1951.6	2278.8 (17/4)	1865.6 (27/2)
HONG KONG						
Hang Seng Bank(31/7/64)	1760.21	1783.61	1739.11	1750.98	1885.65 (7/6)	1559.94 (19/5)
ITALY						
Banca Comm Ital. (1972)	696.81	682.28	665.75	665.40	808.20 (20/5)	454.67 (24/1)
JAPAN**						
Nikkei (16/5/49)	17669.9	17622.7	17654.2	17500.43	17654.2 (30/6)	12881.5 (21/1)
Tokyo SE New (4/1/68)	1367.57	1355.68	1359.24	1350.14	1359.24 (30/6)	1025.85 (21/1)
NETHERLANDS						
ANP.CBS General (1970)	289.0	286.9	289.4	291.5	292.5 (2/6)	240.4 (3/3)
ANP.CBS Indust (1970)	286.5	284.4	285.8	287.0	287.8 (27/6)	234.0 (5/3)
NORWAY						
Oslo SE (4/1/83)	358.66	359.92	360.45	358.30	402.91 (16/1)	332.25 (20/5)
SINGAPORE						
Straits Times (30/12/66)	757.06	745.89	741.22	752.34	776.89 (25/6)	563.34 (28/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	1247.3	1242.2	1256.5	1307.9 (27/1)	1189.1 (21/4)
JSE Indust (28/9/78)	—	1175.5	1174.9	1175.0	1205.1 (20/3)	1088.5 (2/1)
SPAIN						
Madrid SE (30/12/85)	169.11	170.92	172.11	175.22	194.77 (12/6)	108.93 (3/1)
SWEDEN						
Jacobson & P (31/12/56)	2448.64	2431.71	2412.11	2436.85	2451.76 (17/6)	1729.57 (29/1)
SWITZERLAND						
Swiss BankCpn(31/12/58)	580.5	557.9	561.4	562.7	625.5 (8/1)	554.7 (28/2)
WORLD						
M.S. Capital Intl. (1/1/70)	—	329.8	328.8	325.6	329.8 (1/7)	249.8 (23/1)

** Saturday June 28. Japan Nikkei 17547.42. TSE 1350.65

Base value of all indices are 100 except Brussels SE—1,000, JSE Gold—255.7, JSE Industrial—264.3, and Australia. All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed u Unavailable.

NEW YORK

DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

NYSE ALL COMMON

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TORONTO

[illegible]

MONTREAL

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued from Page 33

[illegible]

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Tr 12½ 03–05	£126¾	+£¾
Allebone	73	+11
Amersham Intl	408	+16
Authority Inv	350	+35
BPB Ind	538	+10
Bertam	60	+10
Booker McConnell	377	+12
Commercial Union	318	+ 8
Dunhill	505	+22
E.R.F.	100	+10
Hartwells	104	+ 7
Lawrence (Walter)	122	+ 7
McKechnie Bros	275	+12
Menzies (John)	315	+20
NMC Invs	130	+16
Pearson	585	+10
Pentland Inds	980	+25
Reed Executive	323	+15
Reed Intl	990	+30
United Biscuits	255	+ 5
Whessoe	116	+12

FALLS

Allied Lyons	340	−12
Bowater Inds	320	−10
GEC	212	− 8
Mercury Intl	808	−37
Trusthouse Forte	168	− 6
Western Motor	203	−32
Woolworth	680	−30

Prices at 3pm, July 2

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 33

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NYSE COMPOSITE PRICES

Continued from Page 32

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
49	21⅝	Wlwth of 12	2 4		16	1267	46⅞	46⅜	46¾	-⅛
137	82⅞	Wolw pf2.20	1 7			2	132½	132	132	
5⅝	3	WrldAr				105	4¼	4	4⅛	+⅛
45⅞	23	Wrigly s .96	2 1		21	337	u46½	43¾	45⅝	+1½
17½	10½	WyleLb .32	2.6		39	158	12⅜	11¾	12⅜	+½
25¾	15	Wynns .60	2.4			35	24⅝	24⅜	24½	+¼

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
72½	45¾	Xerox	3	5.2	13	1515	58⅛	56¾	57⅞	+⅝
58¼	53½	Xerox pf5 45	9 7			104	56⅛	56	56	
28¾	20⅝	XTRA .64	2.7			182	23¾	23⅜	23⅝	+⅜
17⅝	13½	Yorkin n				253	17⅛	16¾	16¾	¼
39	26¼	ZaleCp 1 32	3.5			147	37½	36¾	37¼	+⅜
10⅝	3½	Zapata 03j				614	5⅛	4¾	4⅞	⅛
43⅞	23⅞	Zayre s .32	.7		28	584	43⅝	42⅝	43	⅝
17	11⅞	Zemex .40	3 0		14	12	13⅝	13⅜	13⅜	¼
29⅞	16¼	ZenithE				770	24⅜	23¾	24⅛	⅜
18¼	8⅝	ZenLb s			21	3089	16¾	15⅜	15⅝	1
22⅜	14⅝	Zero s .29	1 6		18	62	18¼	18	18⅛	
45¾	32¼	Zurnin 1.32	3 5		13	25	38¼	37¾	37¾	¼

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, July 2

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 31

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Momentum remains for run to peaks

Sufficient momentum remained on Wall Street yesterday to prompt another run-up to fresh peaks, although many operators had abandoned the market ahead of the fourth of July holiday, *writes Paul Hannon in New York.*

At 3pm the Dow Jones industrial average was up 3.24 at 1,906.78.

Hopes that the Fed would move on the discount rate soon and that interest rates cuts would be announced in Japan after the Sunday election helped sustain sentiment.

The recent buoyancy of the stock market, largely confined to blue chips and situation stocks, was more widespread while the start of the fiscal third quarter prompted a re-evaluation of some sectors that had fared poorly in the first half.

Among the blue chips, market bellwether IBM firmed $1 to $149⅝, while *General Motors edged $¼ higher to* $78¾. American Can sprinted $¼ higher to $79½.

Coca-Cola, which announced a substantial consolidation of its botting network on Tuesday, advanced $1½ to $44¼ after an opening delay due to an order imbalance, while rival soft drinks maker PepsiCo gained an early $¼ to $95½ in heavy trading. Other food and beverage stocks attracted strong buying.

Associated Dry Goods, which rejected two takeover offers from May Department Stores, held unchanged at $66. *May, which has made a $66 stock swap* offer and a $60 a share cash tender offer, fell $¼ to $80¾.

Other stores were mixed as J.C. Penny picked up $¼ to $85 and Macy held unchanged at $68 in thin trading. Sears Roebuck slipped $¼ to $48⅜.

Midland Ross, the metal fabricator, retreated $⅛ to $28⅞ in response to the board's decision to sell the comapany to Forstmann Little.

Honeywell, which revealed a $258m US Air Force contract, was unchanged *at $75⅝ in thin trading. Sperry edged up* $⅛ to $75⅞ after announcing a major order from one of Portugal's leading banks.

Standard Oil slipped $¾ to $45 on plans to dispose of a number of industrial product divisions.

Du Pont traded unchanged at $82⅞ after announcing job cuts at a Texas installation, while Dow Chemical was steady at $57⅞ after revealing higher second-quarter figures in the previous session.

Further job cuts were announced by CBS, *which traded $½ lower to $148¾.*

Overseas expansion plans for Monsanto in the form of new plant construction in Japan and Brazil merited the chemical group a $⅜ gain to $74⅜.

Borden, the dairy products to chemicals group, dipped $⅞ to $48¼ after agreeing to sell a bakery unit to Ralston Purina, the diversivied livestock feeds group, which sprinted $1⅜ to $76⅜. ConAgra, the bakery to poultry group, firmed $¼ to $59½ in response to its 15 per cent rise in earnings for last year.

RJR Nabisco, which slipped $½ in the *previous session, firmed $⅜ to $53⅛, after* revealing plans to sell its half stake in a packaging venture with PKL of West Germany.

Ryan Homes, the house builder, edged $⅛ lower to $34⅛ after revealing a defensiv plan against any likely future takeover attempt.

Snap-On Tools, the specialist handtools maker, fell $¼ to $58⅞ after a California court ordered the company to pay $6.9m to one of its dealers after a sales territory dispute.

Sunshine Mining, the silver mining group, slipped $⅛ to $2⅞ after declaring its oil and gas subsidiaries would not pay $8m in principal payments on debt until it had successfully renegotiated its debt structure with a six-bank consortium.

Long Island Lighting was actively traded $⅜ higher to $13¼ after the New York state assembly approved a bill that would create a public authority to take over the utility.

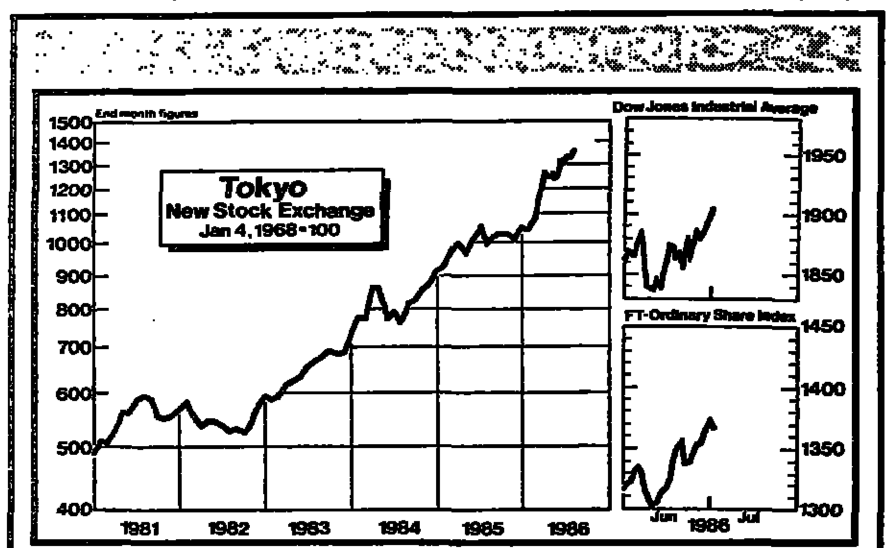
Federal funds opened firmer at 7⅛ per cent but slipped to 7 per cent at which *point the Fed entered the market with a* $2bn customer repurchase agreement.

Activity remained thin due to the market closure tomorrow for the Fourth of July celebrations and today's June employment figures which will partly determine whether the Fed will move on the discount rate.

The price of the Treasury's bellwether long bond, the 7¼ per cent of 2016, fell 9/32 to 100 1/32 while the 10-year bond, 7⅜ of 1996, slipped 7/32 to 99 25/32.

Three-month Treasury bills added 3 basis points to 6.01 per cent while the six-month *issue at 5.99* per cent was 3 basis points firmer. The one-year bond added 2 basis points to 6.04 per cent.

Municipal bonds fell up to ½ point in early dealer-dominated dealing.



STOCK MARKET INDICES

NEW YORK	July 2	Previous	Year ago
DJ Industrials	1,906.78*	1,903.54	1,334.01
DJ Transport	780.63*	781.88	673.81
DJ Utilities	200.04*	199.55	165.52
S&P Composite	252.83*	252.04	192.01
LONDON	July 2	Prev	Year ago
FT Ord	1,366.6	1,373 7	942 3
FT-SE 100	1,656.7	1,660.8	1,250.8
FT-A All-share	819.29	820.28	598.14
FT-A 500	900.56	902.28	651 35
FT Gold mines	198.2	204 2	407.2
FT-A Long gilt	9.36	9.42	10.56
TOKYO			
Nikkei	17,669.92	17,622.74	12,913 7
Tokyo SE	1,357.6	1,355.68	1,028.20
AUSTRALIA			
All Ord.	1,149.7	1,175.3	860.8
Metals & Mins.	487.0	496.2	505.3
AUSTRIA			
Credit Aktien	n/a	n/a	102 62
BELGIUM			
Belgian SE	3,680 78	3,678.18	2,321.57
CANADA			
Toronto			
Metals & Minls	2,093.8*	c	1 98[illegible]
Composite	3,084.3*	c	2,72[illegible].8
Montreal			
Portfolio	1,560.-76*	c	13[illegible] 03
DENMARK			
SE	216.98	216 57	198.48
FRANCE			
CAC Gen	357.60	354.90	224.7
Ind. Tendance	136 30	135.30	82.6
WEST GERMANY			
FAZ-Aktien	635 18	626 26	485.09
Commerzbank	1,919 90	1,894 20	1,432 6
HONG KONG			
Hang Seng	1,760 21	1,733 51	1,591.33
ITALY			
Banca Comm.	696.81	682 26	334.93
NETHERLANDS			
ANP-CBS Gen	289 00	286 90	217.1
ANP-CBS Ind	286 50	284.40	181 3
NORWAY			
Oslo SE	358.66	359.92	325 76
SINGAPORE			
Straits Times	757.06	745.89	767.20
SOUTH AFRICA			
JSE Golds	–	1,247 3	948 6
JSE Industrials	–	1 173 5	974 0
SPAIN			
Madrid SE	169.11	170.82	80.02
SWEDEN			
J & P	2,448 64	2,431 71	1,321.82
SWITZERLAND			
Swiss Bank Ind	560 50	557 90	449 9
WORLD	July 1	Prev	Year ago
MS Capital Int'l	329.8	328.0	215.5

COMMODITIES

(London)	July 2	Prev
Silver (spot fixing)	331.05p	330.40p
Copper (cash)	£906 50	£905.50
Coffee (September)	£1,692 50	£1,726 00
Oil (Brent blend)	$10 65	$10.925

GOLD (per ounce)

	July 2	Prev
London	$343 25	$345.00
Zürich	$343 30	$345 25
Paris (fixing)	$345.82	$347 17
Luxembourg	$344 25	$345 80
New York (Aug)	$344.90	$345 80

CURRENCIES

	US DOLLAR		STERLING	
(London)	July 2	Previous	July 2	Previous
$	–	–	1.537	1.55
DM	2.1885	2.176	3.365	3.3725
Yen	163.35	162.55	251.25	252.00
FFr	6.9825	6.945	10.7325	10.765
SFr	1.7835	1.7725	2.7425	2.7475
Guilder	2.4605	2.4505	3.7825	3.7975
Lira	1,499	1,494	2,304	2,315.5
BFr	44.65	44.55	68.65	69.05
C$	1.3775	1.38	2.1185	2.1364

INTEREST RATES

	July 2	Prev
Euro-currencies (3-month offered rate)		
£	9 15/16	9⅞
SFr	5 1/16	5⅛
DM	4⅝	4⅝
FFr	7 7/16	7½
FT London Interbank fixing (offered rate)		
3-month US$	6 13/16	6 13/16
6-month US$	6 13/16	6 13/16
US Fed Funds	7*	6 13/16
US3-month CDs	6 40*	6.625
US3-month T-bills	6.00*	6.17

US BONDS

Treasury

		July 2		Prev	
		Price	Yield	Price	Yield
7⅛	1988	100 12/32	6.795	100 13/32	6 84
7¼	1993	99 20/32	7.318	99 24/32	7.295
7⅜	1996	100 1/32	7.365	100 10/32	7 328
7¼	2016	100 1/32	7.223	100 1/32	7.244

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	July 2* Day's change	Yield	Day's change
1–30	152 68	−0 09	7.44	+0.03
1–10	145.01	+0.00	7.27	+0.02
1– 3	136.49	+0.06	6 96	+0.02
3– 5	146 81	−0.03	7.48	+0.03
15–30	180.22	−0.44	8.01	+0.03

Source: Merrill Lynch

Corporate	July 2* Price	Yield	Prev Price	Yield
AT & T				
3⅞ July 1990	90½	6 63	90½	6.63
SCBT South Central				
10⅞ Jan 1993	106⅜	9 56	106⅜	9.56
Phibro-Sal				
8 April 1996	98⅛	8.18	98⅛	8.18
TRW				
8¾ March 1996	102⅛	8.34	102⅛	8.34
Arco				
9⅞ March 2016	104.65	9.41	104.65	9.41
General Motors				
8⅝ April 2016	92.41	8.85	92.41	8.85
Citicorp				
9⅜ March 2016	97.87	9.59	97.87	9.59

Source Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	99–03	99–08	98–16	99–10
US Treasury Bills (IMM) $1m points of 100%				
Sept	94.38	94.39	94 32	94.37
Certificates of Deposit (IMM) $1m points of 100%				
Sept	93.71	93 71	93.70	93.77
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	93.45	93.45	93.39	93.47
20-year Notional Gilt £50,000 32nds of 100%				
Sept	122–24	122–25	121–19	121–27

* Latest available figures

LONDON

Bond market regains confidence

A MORE CONFIDENT bond market and a highly successful debt for Thames TV shares were the two outstanding events in London.

The £90m Thames issue was 27 times oversubscribed on an offer-for-sale price of 190p. It began trading at 228p and peaked at 243p before some profit-taking left it to close at 230p.

Leading equities were overshadowed by the clamour for Thames and drifted back, leaving the FT Ordinary index to end 7.1 lower at 1,366.6.

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HONG KONG

THE REAPPEARANCE of strong demand for shares spurred a rally in Hong Kong that took the Hang Seng index up 26.7 to 1,760.21, after the 45 point decline over the last 10 days.

The round of bargain hunting was initiated by small investors, who were quickly followed into the market by the institutions.

Some of the biggest gains were recorded in the property sector where Cheung Kong rose 20 cents to HK$20.20.

SINGAPORE

RENEWED BUYING of trustee stocks and some blue chips took Singapore ahead and despite some subsequent profit-taking, the Straits Times industrial index registered an 11.17 gain on the day at 757.06.

SIA was the most actively traded issue but it closed 5 cents down at HK$7.30 after it denied a local press report that it planned to raise its foreign equity ownership to 49 per cent from 20 per cent.

SOUTH AFRICA

GOLD SHARES closed lower in very quiet Johannesburg trading, in line with an easier bullion price.

Vaal Reefs ended R2 lower at R235 and Kloof shed 25 cents to R23.75. Mining financials and platinums followed gold with Anglo American 65 cents lower at R47 and Impala 25 cents easier at R36.50.

AUSTRALIA

CONCERN over changes to Australia's withholding tax laws and threats of widespread industrial disputes took their toll on Sydney and the All Ordinaries index shed 25.6 to 1,149.7 – its largest one day fall this year.

National Australia Bank fell 24 cents to A$5.16 and Australia and New Zealand Banking Group shed 15 cents to A$4.53.

CANADA

FALLS in the industrials, golds and oils sectors dragged Toronto lower in active trading.

Among industrials, Moore eased C$⅛ to C$35½ while Bell rose C$¼ to C$38¾. Rio Algom edged up C$⅛ to trade at C$24⅜ following its agreement to acquire a US steel group for undisclosed terms.

Montreal also traded lower.

TOKYO

Cements and cars fuel record run

INSTITUTIONAL INVESTORS' buying centered heavily on some low-priced, large-capital issues in Tokyo yesterday, taking shares to further records, *writes Shigeo Nishiwaki of Jiji Press.*

Medium-priced stocks among cements and motor parts were also in demand, but these issues were sought for short-*term capital gains.*

The Nikkei average gained 47.18 to 17,669.92. Volume swelled to 831.28m shares from Tuesday's 732.64m, and gains outnumbered losses by 475 to 404, with 124 issues unchanged.

Large-capital Ishikawajima-Harima Heavy Industries and Nippon Kokan fared well, bolstered by Nomura Securities' active buying. Ishikawajima-Harima topped the active list with 94.62m shares changing hands, rising Y10 to Y334. Nippon Kokan came out as the second busiest issue with 54.98m shares traded, *and closed Y7 higher at Y194.*

But Nippon Steel lost popularity, shedding Y1 to Y174 with volume totalling only 2.72m shares.

Also in the spotlight were the stocks of electric wire companies with close business relations to Nippon Telegraph and Telephone, whose shares will be offered to the public after competitive bidding this autumn.

Fujikura, the third most active stock with 17.89m shares, rose Y57 to Y660. Furukawa Electric added Y17 to Y469 and Showa Electric Wire and Cable Y14 to Y481.

Tokoyama Soda put on Y23 to Y614 on investor expectations of increasing demand for semiconductor chip wafers. Koito Mfg, which is developing a new material related to semiconductor chips, jumped Y33 to Y707.

Recently selected major constructions and issues related to the Government's fiscal investment and loan programme were neglected, with the sole exception of lagging cement issues.

Nihon Cement rose Y37 to Y700, while Osaka Cement added Y43 to Y395 and Chichibu Cement Y30 to Y1,650. Nippon Sheet Glass advanced Y30 to Y764.

In the bond market, the dealing sections of banks and securities houses entered the market actively, while institutional investors were on the sidelines.

Bond prices opened higher in response to the firm undertone of the US bond market overnight and falling crude oil prices. Later, however, prices turned lower, affected by increased selling from medium-sized brokerage houses.

The yield on the benchmark 6.2 per cent government bonds, *maturing in July 1995*, rose sharply to 4.790 per cent from the previous day's 4.735 per cent. The yield on the 5.1 per cent government bonds, falling due in March 1996, topped 5 per cent to reach 5.030 per cent, compared with Tuesday's 4.930 per cent.

EUROPE

Frankfurt shakes off the blues

A LIGHTER, summer mood buoyed bourses in Europe and prices pushed higher in the wake of a firmer trend in Wall Street and a stronger dollar.

Frankfurt brushed aside some late profit-taking to reverse its two-day fall. The Commerzbank index regained some of the 57 points lost during the past two sessions to end 25.7 higher at 1,919.9.

Foreigners snapped up bargains, especially in the car sector where issues had suffered substantial drops. Daimler rose DM 19 to DM 1,346 – a warm response to the sales forecast – and BMW picked up some of Tuesday's losses with its DM 8 advance to DM 590.

VW, however, which has lost DM 32 this week over news that the government plans to sell off its remaining stake in the car company, edged only DM 5 higher to DM 511.

Preussag, the metals and energy group which has been affected by lower oil prices, the drop in the dollar and the tin crisis, said its earnings for this year are still under pressure after barely remaining in the black for the first quarter. The issue, however, rose DM 13 to DM 189.

Retailer Kaufhof shed DM 10 to DM 465 after news that its parent company had boosted turnover only 0.9 per cent in the first half.

Longer-dated bonds were down by as much as 25 basis points and turnover was low. *The Bundesbank bought DM* 4.1m worth of paper after selling DM 131.2m on Tuesday.

While turnover in Frankfurt and Düsseldorf more than doubled in the first quarter of 1986, the pace slowed during May and June. The value of shares traded in Frankfurt jumped to DM 84.4bn in the first six months compared with DM 38.7bn for the same period a year earlier. The figures for the same period in Düsseldorf were DM 60.6bn compared with DM 28bn.

Milan *continued* higher as expectations that a new coalition would be formed and led by former Prime Ministers Bettino Craxo sparked a rally.

Fiat was again the centre of attention, buoyed by the stronger dollar, and advanced L290 to L12,300. Other industrials, insurers and financial issues saw gains.

Montedison at L3,440 was up L30, Olivetti added L325 to L16,300, while Mediobanca ended at L231,700, L7,000 higher.

Amsterdam turned firmer on hopes of lower interest rates.

Internationals were again active with Unilever up Fl 5.50 at Fl 485, Hoogovens ahead Fl 3.20 at Fl 110.90 and Akzo Fl 1.50 firmer at Fl 165.

Encouraging newspaper articles about publishing company Buehrmann-Tetterode lay behind its Fl 2 rise to Fl 206.80, while warmer weather across Europe helped Heineken Fl 3.50 higher to Fl 172.80 ex-script.

Bond investors remained on the sidelines and prices ended mostly unchanged.

Stockholm gained despite rumours that investors were purchasing Swedish stocks elsewhere to avoid the new tax on share trades which doubled to 2 per cent.

Electrolux gained SKr 2 to SKr 277, Asea SKr 3 to SKr 378 and Pharmacia SKr 7 to SKr 230, while Ericsson slipped SKr 1 to SKr 250 and Volvo shed SKr 3 to SKr 395.

Paris rose as financials benefited from lower interest rates. Construction issues were picked up by bargain hunters.

Bouygues rose FFr 14 to FFr 1,172, Dumez FFr 48 to FFr 1,348 and Ciments FFr 24 to FFr 635.

Zurich was led higher by blue chips. Crédit Suisse pushed SFr 30 ahead to SFr 3,800 while UBS, which purchased the Vatican Bank's stake in the Banco di Roma Swiss unit, advanced SFr 40 to SFr 5,740.

The bond market was uneven.

Brussels turned mixed on holiday lethargy. Utilities were firmer – Intercom added BFr 40 to BFr 3,650 – while in chemicals Solvay was lower at BFr 7,600, down BFr 140.

Oslo faded on nervousness over forecasts of a 10 per cent inflation growth for Norway in 1987 and **Madrid** was quietly lower.